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San Diego

PROPOSED MILK MARKETING AGREEMENT

FOR USE IN

SAN DIEGO COUNTY, CALIFORNIA

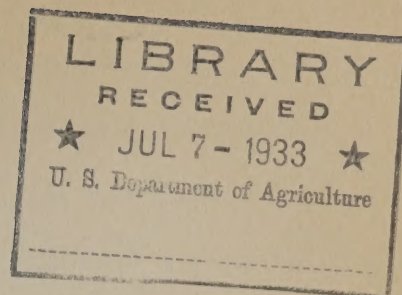
SUBJECT TO APPROVAL OF

THE SECRETARY OF AGRICULTURE OF THE UNITED STATES

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Washington, D. C.

June 26, 1933.





This tentative marketing agreement is being proposed on behalf of the Dairy Products Arbitration Board of San Diego, Milk Producers Association of San Diego County, Dairymens League of San Diego County, and Milk Institute of San Diego County, (a distributor's association), as the basis of a plan to stabilize conditions within the Dairy Industry of San Diego County, California, to be submitted with application for a public hearing before the Secretary of Agriculture or his duly authorized representative.

#### MARKETING AGREEMENT

As used in this Agreement the following words and phrases are hereby defined as follows:

- (A) "Act" means the Act of Congress approved May 12, 1933, the short title of which is "Agricultural Adjustment Act".
- (B) "Secretary" means the Secretary of Agriculture of the United States.
- (C) "Area" means all the territory within the boundaries of San Diego County, California.
- (D) "Contracting Producers" means Milk Producers Association of San Diego County, Dairymens League of San Diego County, and any such other organized groups of milk producers, or independent milk producers as may become parties to or bound by this Agreement.
- (E) "Producer-Distributors" means those producers of "Market Milk" who distribute direct to dealers and consumers all or part of their production, and who become parties to or bound by this Agreement.
- (F) "Contracting Distributors" means such members of Milk Institute of San Diego County, and such other distributors and/or processors of "Market Milk" within the boundaries of San Diego County as may become parties to or bound by this Agreement.

(G) "Market Milk" means milk which is supplied to the consumer in the natural fluid state, or prepared for human consumption without being converted into any other form or product, as distinguished from manufacturing milk, and as defined in the Agricultural Code of the State of California, and for the purposes of this Agreement includes the fluid derivatives of "Market Milk" and Cottage Cheese, sold by "Contracting Distributors" in the "Area" defined above.

The parties to this Agreement are the "Contracting Producers", parties of the first part, "Contracting Distributors", parties of the second part, and the "Secretary", party of the third part.

WHEREAS, pursuant to the "Act", the parties hereto, for the purpose of correcting conditions now existing in the Dairy Industry within the "Area", propose to enter into a Marketing Agreement under the provisions of said "Act", and

WHEREAS, the Milk Producers Association of San Diego County and Dairy-mens League of San Diego County market more than ninety percent (90%) of the "Market Milk" distributed and consumed within the "Area", and respectively represent that they have corporate power and authority to enter into this Agreement, and

WHEREAS, the "Contracting Distributors" distribute more than ninety percent of the "Market Milk" distributed within the "Area", and

WHEREAS, the production, processing, and marketing in the "Area" of milk and its products produced within and without the State of California, affect and enter into both the current of interstate and intrastate commerce, which are inextricably intermingled;

NOW THEREFORE, in consideration of the premises, the parties hereto agree as follows:

1. QUANTITIES OF "MARKET MILK" TO BE PURCHASED BY DISTRIBUTORS.

"Contracting Distributors" shall place orders with "Contracting Producers" for their requirements of "Market Milk" forty-eight hours in advance of the first delivery, and shall continue to receive and pay for such quantities up to and including the 15th day or the last day of the month, whichever next follows, and shall have the privilege of increasing such quantities at any time, upon forty-eight hours' notice, and the privilege of reducing such quantities beginning on the first and sixteenth days of each month, upon forty-eight hours' notice.

2. DELIVERIES. Deliveries of "Market Milk" shall be made to the purchaser twice daily at the "Contracting Distributor's" city bottling plant, at the expense of the Producers of such milk, within specified hours and according to the reasonable requirements of the purchaser.

3. MARKET EXPANSION EXPENSE. For the purpose of carrying on an effective and continuing educational and advertising campaign, in order to bring about the more general and regular use of milk and milk products, each "Contracting Producer" who is a member of a producer's association agrees that the Association of which he is a member shall pay to, and "Contracting Distributors" shall deduct from producers who are not members of producers' associations and pay to, Dairy Products Arbitration Board of San Diego the sum of one-half cent per pound of milk fat sold, with the proviso that said Arbitration Board shall set such monies aside in a special fund for trade promotion purposes only, and the Trade Promotion Committee of said Board shall be empowered to expend such monies for the purposes stated. "Contracting Distributors" and "Producer Distributors" shall likewise pay one-half cent per pound of milk fat in all "Market Milk" purchased and/or produced and distributed by them, into the special fund for the purposes mentioned above, it being understood that any person, firm, or corporation producing and distributing part or

all of his or its milk supply shall pay on that part of the supply the sum of one cent per pound of milk fat to cover both production and distribution.

4. PRODUCTION CONTROL. In order to maintain the production of "Market Milk" at the volume necessary to properly provide for market requirements, and not so greatly in excess of said requirements as to create a menace to the price structure herein provided, it is agreed that all producers of "Market Milk" within the "Area" shall share equitably the financial burden of such surplus milk as may exist from time to time. As a basis therefor, a Production Control Plan is appended to this Agreement and made a part hereof, beginning on page 11, and marked Exhibit "A". The "Production Quotas" therein provided for are intended to limit the quantity of milk that may share in the benefits of sales for fluid milk purposes at base prices, and any "excess milk", or those quantities delivered in excess of the "Production Quota", shall be paid for as provided for excess deliveries in Exhibit "C".

5. QUALITY CONTROL. In order to maintain a high standard of quality in "Market Milk" produced within the "Area", it is agreed that all "Contracting Producers" and individual producers shall comply with all of the legal requirements for "Market Milk" under the laws and regulations of the State of California, and the ordinances and health regulations of the County of San Diego and the cities and towns thereof, and in addition thereto the "Contracting Producers" agree to the grading of their milk and the paying for same by grade, according to the terms of the Standard Milk Grading Rules appended hereto and made a part hereof, beginning on page 15 and marked Exhibit "B".

6. PRICES TO BE PAID BY DISTRIBUTORS. The prices to be paid by the "Contracting Distributors" for "Market Milk" and derivatives thereof shall be the prices set forth in the schedule attached hereto and made a part hereof, marked Exhibit "C", beginning on page 20. Said schedule may be modified by

agreement between the "Contracting Producers" and the "Contracting Distributors", subject to the written approval of the "Secretary".

7. DISTRIBUTORS' AND STORES' SELLING PRICES. The prices at which distributors and retail stores within the "Area" shall sell "Market Milk" and/or any derivative thereof shall be those defined in Exhibit "D" attached hereto and made a part hereof, beginning on page 24. Said prices may be changed by agreement between the "Contracting Producers" and the "Contracting Distributors", subject to the written approval of the "Secretary".

8. CODE OF ETHICS. It is recognized that certain trade practices have developed within the Dairy Industry which are unsound, unfair, and designed to result in serious consequences to the Industry. A list of these unfair trade practices, under the heading "Code of Ethics", marked Exhibit "E", is attached hereto and made a part hereof, beginning on page 27, and it is agreed that such practices shall not be indulged in by members of the Dairy Industry within the "Area".

9. ACCOUNTING REQUIREMENTS. The "Contracting Producers" and the "Contracting Distributors" shall each maintain accounting systems if and as required by the "Secretary", and their respective books and records shall be subject to his examination during the usual hours of business, and they shall furnish information to the "Secretary", as required, upon forms furnished or approved by him.

10. PERIOD OF THIS AGREEMENT. This agreement shall become effective at such time as the "Secretary" may determine, and shall continue thereafter until terminated in one of the following ways:

- (a) The "Secretary" may (and shall upon request of either 75% of the "Contracting Producers" or 75% of the "Contracting Distributors", such percentages to be determined by the volume of "Market Milk" produced or distributed, as the

case may be) by notice in writing deposited in the Registered Mail, and addressed to the "Contracting Producers" and "Contracting Distributors", at their respective addresses on file with the "Secretary", on or before the 20th day of any month, terminate the Agreement as of the end of such month.

- (b) The "Secretary" may for good cause, as of the end of any month, terminate this Agreement as to any party or parties signatory hereto, by giving written notice on or before the 20th day of such month, such notice to be deposited in the Registered Mails and addressed to such party or parties at the address or addresses on file with the "Secretary".
- (c) This Agreement shall in any event terminate whenever the "Act" shall cease to be in effect, or whenever the President or Congress shall terminate those provisions of the "Act" under which this Agreement is approved by the "Secretary".

11. AGGRIEVED PARTIES SHALL BE HEARD. If any individual considers himself aggrieved by any action taken hereunder by any party or parties hereto, such individual may lay his case before the "Secretary", or his duly authorized representative, who shall thereafter take such action in reference thereto as he deems necessary to carry out the purpose of this Marketing Agreement.

12. CESSATION OF BENEFITS. The benefits, privileges, and immunities conferred by this Agreement shall cease to exist upon termination hereof, and the benefits, privileges and immunities conferred upon any party or parties signatory hereto shall cease to exist upon the termination of this Agreement as to such party or parties.

13. CREAM FROM OUTSIDE SOURCES. It is recognized by parties hereto that the milk supply of San Diego County is not sufficient to provide for all cream requirements; therefore, it is permissible under this Agreement that

Distributors and Ice Cream manufacturers purchase from points outside the "Area" such quantities of market cream and manufacturing cream as they may require in addition to their purchases from sources within the "Area". Prices in all cases shall be those set forth in Exhibit "C" of this Agreement.

14. AMENDMENTS. This Agreement may be amended at any time as to any of its terms by agreement of 75% of "Contracting Producers" and 75% of "Contracting Distributors", with the approval of the "Secretary".

15. NO DEALINGS WITH VIOLATORS. "Contracting Distributors" agree that they will not purchase "Market Milk" from any milk producer who in any manner is violating any of the terms of this or any other Agreement with the "Secretary"; and "Contracting Producers" agree that they will not sell "Market Milk" to any "Contracting Distributor" who in any manner is violating any of the terms of this or any other Agreement with the "Secretary".

16. BINDING ON ALL. All of the terms of this Agreement shall become binding on all producers, processors, and distributors of "Market Milk" in the "Area", at such time as the "Secretary", in whatever lawful manner deemed proper by him, shall so declare.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement,  
this \_\_\_\_\_ day of \_\_\_\_\_, 1933.

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
(SEAL)

## PRODUCTION CONTROL PLAN

1. The existing "Production Quotas" of Milk Producers Association of San Diego County with its members, which "Production Quotas" have remained substantially unchanged since October, 1931, shall be confirmed as and for the "Production Quota" of each of said members, respectively.
2. The existing "Production Quotas" of Dairymen's League of San Diego County with its members, which "Production Quotas" have remained substantially unchanged since December 16, 1932, at which time the League began business, shall be confirmed as and for the "Production Quota" of each of said members, respectively.
3. "Production Quotas" now established by any other contracts and/or contractual arrangements, specifying quantities of "Market Milk" to be bought by "Contracting Distributors" from Producers within the "Areas", which contracts or contractual arrangements can be shown to the satisfaction of the "Secretary" or his duly authorized Agent to have been entered into in good faith prior to the date this Agreement becomes effective, shall be adopted as the "Production Quotas" for such Producers. In the event that no showing is made, satisfactory to the "Secretary", or his said Agent, of the existence of an established shipping right or "Production Quota", by any Producer, a "Production Quota" may be established by the "Secretary", or his said Agent, at ninety percent (90%) of such Producer's Sales of "Market Milk" during the months of January, February, and March, 1933; or if such a Producer cannot submit satisfactory proof of his sales of "Market Milk" made in the period January 1 to February 15, 1933, then a "Production Quota" may be established for him by the "Secretary" or his Agent at eighty percent (80%) of said Producer's average daily sales of "Market Milk" within the "Area"

from February 15, 1933, or from any later date on which such sales may have begun, up to and including the date this Agreement becomes effective.

4. With respect to "Producer-Distributors" operating within the "Area", each may establish a "Production Quota" equal to his daily average quantity of "Market Milk" produced and sold as such within the "Area" during the months of January, February and March, 1933, upon the furnishing of evidence of such sales satisfactory to the "Secretary", or his duly authorized Agent.
5. New producers of "Market Milk" and former producers who have discontinued and later resumed production, within the "Area", may be assigned "Production Quotas", if market conditions permit, in quantities equal to seventy-five percent (75%) of their average daily deliveries during the first ninety (90) days, if said period falls principally within the months of June to November, inclusive; or sixty-five percent (65%) if such period falls principally within the months of December to June, inclusive. At the beginning of the second 90-day period the producers who shall have been granted initial quotas of seventy-five percent (75%), may have their quotas increased to eighty percent (80%) of their average daily deliveries during the first 90-day period; and at the close of the second 90-day period, said quotas may be increased to ninety percent (90%) of said producers' respective daily average deliveries during the two preceding 90-day periods. Those producers who shall have been granted initial quotas of sixty-five percent (65%) of their average deliveries, may, at the beginning of the second 90-day period, be granted increased quotas amounting to seventy-five percent (75%) of their respective daily average deliveries during the initial 90-day period, and at the close of the second such period they may be granted increased quotas equal to ninety percent (90%) of their respective daily average deliveries during the two preceding ninety-day periods.

The fixing of "Production Quotas" as above provided, with the equitable

adjustment thereof from time to time, as changes in supply and demand might require, shall be determined by Dairy Products Arbitration Board of San Diego, subject to right of appeal to the "Secretary" by any party who may feel aggrieved.

## EXHIBIT "B"

### STANDARD MILK GRADING RULES FOR SAN DIEGO COUNTY

#### 1. GRADE "A" RAW MILK

All "Market Milk" produced in San Diego County, whether to be sold in the pasteurized or raw state, shall meet the minimum legal requirements for Grade "A" Raw Milk, and no lower grade shall be recognized, except for such short periods of time as may be required for an established Producer of this grade of milk to correct any difficulties that may cause his milk to be temporarily degraded. The minimum requirements to be met by Producers of this grade of milk are as follows:

- (a) **HEALTHY COWS:** All cows in herd from which such milk is drawn must be healthy and free from tuberculosis as determined by an official, or officially-approved, tuberculin test.
- (b) **SCORE OF DAIRY:** Dairy farms where this milk is produced must score not less than 80% on the official Dairy Farm Score Card; all dairies having a permit to sell market milk being considered as scoring 80% or more, unless the Distributor receiving said milk is advised to the contrary by the Dairy Inspector under whose jurisdiction such milk is produced.
- (c) **BACTERIAL CONTENT:** Shall not exceed an average of 50,000 per milliliter at time milk is delivered to plant of the purchaser, which average shall be determined each quarter-monthly period, said periods

to run from the 1st to the 7th, from the 8th to the 15th, from the 16th to the 23rd, and from the 24th to the last day of each month. The determination may be made by using one count, provided same does not exceed 50,000 and is acceptable for grading purposes, by both seller and buyer, but when the first count in any quarter-monthly period exceeds 50,000, another count shall be taken, and the average of the two counts shall be final for the quarter-monthly period in which made.

- (d) TEMPERATURE: Shall not exceed 60° Fahrenheit at time of delivery to plant of purchaser, provided that no milk shall be degraded to a lower grade than Grade "A" Raw on basis of temperature alone, except those individual shipments showing temperatures above 60°.
- (e) SEDIMENT: The sediment content shall be such as to meet the classification of "Excellent" or "Good", subject to the procedure provided for in the footnote below.
- (f) DAIRY WORKERS: All persons employed in the handling of this grade of milk at the source of production, shall practice scrupulous cleanliness, and must be free of any communicable disease, the germs of which are liable to be conveyed by milk. The health of the workers may be determined by physical and bacteriological examination conducted by the Department of Public Health under whose jurisdiction the milk is produced.

## 2. GRADE "A" FOR PASTEURIZATION.

That milk which for short periods of time does not conform to all the minimum requirements provided above for Grade "A" Raw, shall be classified as Grade "A" For Pasteurization, provided it meets all of the following requirements:

- (a) HEALTHY COWS: Same as provided for Grade "A" Raw.

(b) DAIRY SCORE: The dairy farms shall score not less than 70%.

(c) BACTERIAL CONTENT: Shall be not more than 150,000 per milliliter when delivered to the buyer.

(d) TEMPERATURE: Shall be not more than 65° Fahrenheit at time of delivery to buyer.

(e) SEDIMENT: Shall classify as "Fair".

(f) DAIRY WORKERS: Same as provided for Grade "A" Raw.

### 3. GRADE "B".

That milk which normally meets all the requirements provided for Grade "A" Raw, except for short periods when the dairy score, bacterial content, temperature, and/or sediment may be below the foregoing requirements for Grade "A" Raw or Grade "A" for Pasteurization, shall be classified as Grade "B".

NOTE: For the purpose of achieving uniformity in the classification of sediment tests, each buyer of milk under the foregoing rules shall be furnished a Sediment Chart, showing examples of the several classifications. At least one sediment test shall be made within each seven-day or eight-day fat test period, and in any case where the sediment test is classified other than "Excellent" or "Good" by the buyer, or his agent or employee, immediate notice shall be given the seller of the milk or an agent or employee designated by him, who shall inspect the sediment disc and confirm or reject the classification thereof by the buyer, and if the buyer and seller and/or their respective agents are unable to agree upon a classification for said sediment test, they shall call in a third party, whose decision shall be final.

In the event of only two sediment tests being taken within a seven-day or eight-day period, one of which is classified as "Good" and the other as "Fair", an average of the prices applying to Grade "A" Raw

milk and Grade "A" milk for Pasteurization shall be paid by the buyer, provided the milk meets all other requirements for Grade "A" Raw. When one sediment test is classified as "Fair" and the other as "Poor", an average of the prices applying to Grade "A" milk for Pasteurization and Grade "B" milk shall be paid by the buyer, provided the milk meets all other requirements for Grade "A" Raw or Grade "A" for Pasteurization.

#### EXHIBIT "C"

##### PRICES TO BE PAID BY DISTRIBUTORS

TO PRODUCERS' ORGANIZATIONS AND AGENCIES, AND INDIVIDUAL PRODUCERS, FOR MILK DELIVERED F.O.B. CITY BOTTLING PLANT, AND DERIVATIVES OF SURPLUS AT PLATFORM OF SURPLUS-POOLING PLANT.

The following grade terms are defined in Exhibit "B", and come within the meaning of the term "Market Milk" as defined in the Agreement of which this Exhibit is a part, and as defined in the Agricultural Code of the State of California:

1. Grade "A" Raw Milk: 58¢ per pound of milk fat up to 4.1 percent.
2. Grade "A" Milk for Pasteurization: 51¢ per pound milk fat up to 4.1 percent.
3. Grade "B" Milk: A price per pound milk fat equal to the average Los Angeles Produce Exchange quotation on 92-score Butter, for the current paying period (1st to 15th of month, or 16th to last day of month, as the case may be.)
4. Fat in Grade "A" milk in excess of 4.1 percent: A price per pound of fat twenty cents (20¢) over the average Los Angeles Produce Exchange quotation for 92-score Butter.
5. Excess Milk Deliveries to Distributors: Fat in milk delivered to and received

by Distributors in excess of quantity ordered, at a price equal to the average Los Angeles Produce Exchange quotation for 92-score Butter.

Products sold through the San Diego Milk Pool (a joint surplus-handling agency of the Producers' organizations), as per following price schedule:

Distributors are required to deliver cans to Pool Plant at least 24 hours in advance, and to call for order when filled. Large orders of cream should be placed 48 hours in advance, for most satisfactory service. The term "quotation", as used below, refers to Los Angeles Produce Exchange quotation on 92-score Butter.

	<u>Per Gallon</u>
Milk, Pasteurized, Fat Content from 3.9% to 4.1% -----	30¢
Raw, same fat content (24 hours notice required)-----	30¢
Skim Milk, Market Grade, -----	10¢
For Buttermilk, 1 oz. salt or 2# starter to 10 gals. -----	5¢
For Ice Cream Mix, 1/2-lb. sugar added to 10 gals. -----	4¢
For Cottage cheese, 1 oz. salt to 10 gals.,	
200 gals. or more per day -----	3¢
Less than 200 gallons -----	5¢

Cream, Grade "A" Pasteurized, standardized 23% to 25%, or 36% to 38% fat content as ordered:

Less than 10 gals., 23¢ over "quotation" per lb. fat.

10 gals. or more, 22¢ over "quotation" per lb. fat.

Cream, Grade "A", Separator run (cooled after separation, but not standardized or pasteurized):

Less than 10 gals., 23¢ over "quotation" per lb. fat.

10 gals. or more, 20¢ over "quotation" per lb. fat.

Cream, Grade "B", for Ice Cream manufacture, cooled after separation, with 1/2-lb. sugar added to 80 lbs. cream, per pound fat in lots of 5 to 29 cans, "quotation" plus premium as per following scale:

<u>Quotation</u>	<u>Premium</u>
17 1/2 to 19¢ -----	10 1/4¢
19 1/2 to 21¢ -----	10 3/4¢
21 1/2 to 23¢ -----	11 1/4¢
23 1/2 to 25¢ -----	11 3/4¢
25 1/2 to 27¢ -----	12 1/4¢
27 1/2 to 29¢ -----	12 3/4¢
29 1/2 to 31¢ -----	13 1/4¢
31 1/2 to 33¢ -----	13 3/4¢
33 1/2 to 35¢ -----	14 1/4¢

Plus 1¢ per pound fat in orders of less than 5 cans.

Less 1/4¢ per pound fat in orders of 30 cans or more.

Cream, Churning grade, 2# starter or 4oz. salt added to each can, at "quotation" per lb. fat.

#### EXHIBIT "D"

#### DISTRIBUTORS' AND STORES' SELLING PRICES

GRADE TERMS AS USED BELOW IN REFERENCE TO MILK ARE AS DEFINED IN

THE AGRICULTURAL CODE OF THE STATE OF CALIFORNIA

#### MILK

Certified

	<u>Wholesale to Stores*, Cafes, Hotels, etc.</u>	<u>Retail by Stores** Cash &amp; Carry only</u>	<u>Retail Delivered by Stores and Distributors</u>
Quarts	\$0.16	\$0.18	\$0.18***
Pints	.11	.12	.12
Half-pint	.06	None	None

	Wholesale To Stores*, Cafes, Ho- tels, etc.	Retail by Stores** Cash & Carry only	Retail Delivered by Stores and Distributors
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# MILK (continued)

Guaranteed, Pasteurized

Quarts	\$0.10 1/2	\$0.12	\$0.12***
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Guaranteed, Raw (Maximum Fat, 4.7%)

Quarts	.10 1/2	.12	.12***
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Pints	.07	.08	.08
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Grade "A" (Minimum Fat, 3.9%)  
(Maximum Fat, 4.2%)

3-gallon can	.90	None	None
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2-gallons	.65	None	None
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1 gallon	.34	None	None
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Quart	.08 1/2	.10	.11***
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Pint	.06	.07	.07
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Third-quart	.04 1/2	None	None
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Half-pint	.03 1/2	None	None
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## CHOCOLATE MILK

Quart	.08 1/2	.10	.11
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TABLE CREAM (Minimum Fat, 22%)  
(Maximum Fat, 24%)

Gallon	1.25	None	None
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Quart	.40	.45	.50
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Half-pint	.12	.14	.15***
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WHIPPING CREAM (Minimum Fat, 35%)  
(Maximum Fat, 38%)

Gallon	2.10	None	None
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Quart	.55	.65	.70
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Half-pint	.18	.20	.22
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	Wholesale To Stores*, Cafes, Ho- tels, etc.	Retail by Stores** Cash & Carry only	Retail Delivered by Stores and Distributors
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BUTTERMILK (Maximum Fat, 1 1/2%)

Churned

Gallon	\$ .20	None	None
Quart	.08 1/2	.10	.11***
Half-pint	.03	None	None

Cultured

Quart	.10	.12	.12***
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SKIM MILK

Gallon	.20	None	None
Quart	.06	.07	.08

COTTAGE CHEESE

Pound Bulk	.12	.15	.15
10-oz. Tumbler	.10	.12	.12
7-oz. carton or 8-oz. jar	.08	.10	.10

\* - A Cash Bottle Deposit of 4¢ shall be collected at time of sale to stores, for each full bottle for which no empty bottle is received in exchange, to be evidenced by a metal Bottle Check issued to store by Distributor.

\*\* - A Cash Bottle Deposit of 5¢ shall be collected by Store from Consumer for each full bottle for which no empty bottle is received in exchange at time of sale, for which a paste-board Bottle Check shall be issued by Store.

\*\*\* - A Token Discount may be allowed on the sale of Tokens for cash at the regular Retail Delivered prices, where same are purchased in lots of ten or any multiple thereof, of any one denomination, at the rate of 1¢ per quart Milk, Half-pint Table Cream, or quart Buttermilk.

One cent per bottle over list price shall be charged for any fluid products in paper bottles, or in glass bottles double-capped, except Certified and Guaranteed milk.

EXHIBIT "E"  
CODE OF ETHICS

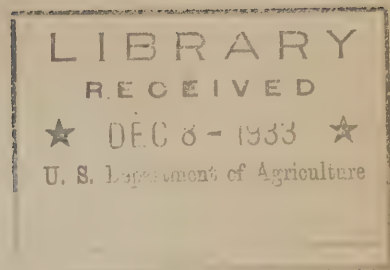
The following practices are hereby declared unfair, and are prohibited in the Dairy Industry of San Diego County:

1. The giving of any discount or rebate to customers, beyond that clearly stated in the seller's published price list, as furnished generally to customers.
2. The lending of money or credit for improvements to property or to pay or guarantee debts of prospective customers, or to defray the cost of moving or installing of fixtures or equipment.
3. The making of improvements in the property of customers, or the paying of the expense of such improvements.
4. The giving of "free goods" or merchandise of any character in connection with business openings or special sales, or for any purpose whatever.
5. The lending of trucks or other equipment for moving a customer's equipment or merchandise to a new location, or defraying the cost of same.
6. The offering or giving of free installation or repairs, or maintenance of a dealer's equipment.
7. The furnishing of equipment without making a fair rental charge therefor, or at any rate other than shown in rental schedules in printed or written form, furnished generally to customers likely to be interested therein.
8. The furnishing of ice to any customer for any purpose or reason whatever.
9. The waiving of the Cash Bottle Deposit required in connection with the standard price list.

10. The giving of any samples at all to prospective retail customers, or to prospective wholesale customers in greater value than fifty cents (50¢) at the prevailing wholesale price thereof.
11. The leaving or delivering of merchandise at homes or places of business of prospective customers without first having received an order therefor.
12. The offering or giving of any premium; or trading stamp, coupon or certificate redeemable in money, merchandise or any article of value; or the redemption of such trading stamps, coupons, or certificates, or bottle caps, cartons or wrappers, conditional or contingent upon the purchase of dairy products by the beneficiary.
13. The extension of credit to any customer known to be in arrears on any indebtedness due a competing distributor without immediately paying to said competing distributor the amount due him by such customer.
14. The offering or giving of an advertising allowance to a customer, as a means of securing or holding his business.
15. The selling, or permitting the sale by a dealer or peddler, of any dairy product at a sub-standard price, either alone or in combination with other merchandise.
16. The giving or offering of gifts of any kind to physicians, nurses, or teachers, who might be influenced to recommend a particular brand of dairy products.
17. The giving or offering of any free milk, cream, or other products, or any commissions or other consideration to owners and/or managers of hotels, apartments, bungalow courts, or other rental property.
18. The beginning of service within thirty (30) days to any dealer from whom service has been withdrawn by a competing Distributor because of said dealer's failure or refusal to maintain standard re-sale prices.

19. The continuance of a supply to a peddler who violates any of the provisions of this Code or the Agreement of which it is a part.
20. The use of false or misleading statements, advertising, or publicity by any Distributor, regarding his own or any competitor's product, business, firm, or financial standing.
21. The use by any Distributor of bottles, which, by their peculiar shape or color, tend to give an impression of greater richness in the contents than is usually the case with bottles in common use.
22. The use by any Distributor of any bottle, bottle case, or can belonging to another, except where written consent is first obtained.
23. The bribing, or giving of emoluments of any character to, an employee of a competitor, for any reason or purpose whatsoever, or the offering of inducements to such an employee to quit the employ of a competitor.
24. The permitting of any Route-Salesman or other sales representative, or any peddler to whom products are being supplied, to cover and work in any territory in which he or she shall have worked within the past six months for a competing Distributor.

1174  
D. H. M.  
San Diego



MARKETING AGREEMENT

FOR MILK

SAN DIEGO AREA



MARKETING AGREEMENT FOR MILK -- SAN DIEGO MILK SHED

I.

The parties to this Agreement are the contracting distributors, the contracting producers and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended

- (1) to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909-July 1914, and in the case of tobacco, the base period being the post-war period, August 1919-July 1921;
- (2) to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (3) to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914; and

WHEREAS, it is understood that to effectuate such declared policy the contracting producers shall receive a fair proportion of the financial benefits resulting to the contracting distributors from this Agreement and acts done pursuant thereto until parity is achieved for the contracting producers, and that subject to the foregoing, at all times, efforts will be made by the contracting distributors to yield to the consumers a fair proportion of such financial benefits and savings; and

WHEREAS, pursuant to said Act, the parties hereto for the purpose of correcting the conditions now obtaining in the production of milk in the San Diego Milk Shed for distribution as fluid milk in the San Diego Sales Area and the distribution thereof, and to effectuate the declared policy of said Act, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act; and

WHEREAS, the marketing of milk in the San Diego Milk Shed for distribution as fluid milk in the San Diego Sales Area and the distribution thereof are in both the current of interstate commerce and the current of

intrastate commerce, which are inextricably intermingled:

NOW, THEREFORE, the parties hereto agree as follows:

## II.

As used in this agreement, the following words and phrases are hereby defined as follows:

- (a) "Fluid milk" means milk, cream, or any of the other articles listed in Exhibit C, sold for consumption in the San Diego Sales Area.
- (b) "Contracting producers" means Milk Producers Association of San Diego County, Dairymen's League of San Diego County, and such producers, and associations of producers of milk produced in the San Diego Milk Shed and sold in the San Diego Sales Area for consumption as fluid milk, irrespective of whether any such party distributes fluid milk for consumption, as may become parties signatory to this Agreement, according to the terms hereof.
- (c) "Contracting distributors" means members of Milk Institute of San Diego County, California, and such other persons who distribute fluid milk in the San Diego Sales Area, irrespective of whether any such party is also a producer of milk, as may become parties signatory to this agreement, according to the terms hereof.
- (d) "San Diego Milk Shed" means the territory lying within the boundaries of San Diego County, California, provided that, in respect to purchases of cream, territory lying outside the bounds of San Diego County is also included.
- (e) "San Diego Sales Area" means the territory lying within the boundaries of San Diego County, California.
- (f) "Board" means the Dairy Products Arbitration Board of San Diego, (a non-profit association organized and existing under the laws of the State of California.)
- (g) "Secretary" means the Secretary of Agriculture of the United States.
- (h) "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.
- (i) "Person" means individual, partnership, corporation, association, or any other business unit.
- (j) "Subsidiary" or "Affiliate" means any corporation or other business unit that the parent corporation shall have, either directly or indirectly, any relationship with or interest in, by way of stock ownership or in any other manner.

III.

1. The schedule governing the prices at which, and the terms and conditions under which, milk shall be sold by the contracting producers and purchased by the contracting distributors for distribution as fluid milk shall be that set forth in Exhibit A, which is attached hereto and made a part hereof. Payments to the Board made pursuant to paragraph 4 hereof, and like payments to Milk Producers Association of San Diego County or to Dairymen's League of San Diego, made pursuant to membership agreements, shall be deemed part of the price paid to producers. Such schedule may be changed by agreement between the contracting producers and the contracting distributors, provided that any changes shall become effective only upon the written approval of the Secretary.

2. The plan governing the marketing of milk within the San Diego Sales Area shall be that set forth in Exhibit B, which is attached hereto and made a part hereof. Such plan may be modified by agreement between the contracting producers and the contracting distributors, provided that such modified plan shall become effective only upon the written approval of the Secretary.

3. The schedule governing the prices at which, and the terms and conditions under which, fluid milk shall be distributed and sold by the contracting distributors shall be that set forth in Exhibit C, which is attached hereto and made a part hereof. Such schedule may be changed by agreement between the contracting producers and the contracting distributors, provided that any changes shall become effective only upon the written approval of the Secretary.

4. (a) Milk Producers Association of San Diego County and the Dairymen's League of San Diego County authorize the contracting distributors to pay over to the Board, on behalf of their respective members, the sum of one-half cent (\$.005) per pound of butterfat for all milk marketed by their respective members in the San Diego Sales Area.

(b) The contracting distributors agree that they will not purchase milk from any producer not a member of either Milk Producers Association of San Diego County or the Dairymen's League of San Diego County unless such producer authorizes the purchasing contracting distributor to pay over to the Board the sum of one-half cent (\$.005) per pound of butterfat for all milk purchased by such contracting distributor from such producer. Such purchasing contracting distributor shall, when making payment to producers for milk purchased, simultaneously make payment to the Board of the sums which have been thus deducted.

(c) Each contracting producer who distributes part or all of the milk produced by him agrees to pay to the Board the sum of one cent (\$.01) per pound of butterfat for all such milk distributed by him.

(d) Each contracting distributor agrees to pay to the Board one-half cent (\$.005) per pound of butterfat for all fluid milk distributed by him.

- (e) The sums paid pursuant to this paragraph shall be kept as a separate fund by the Board for the purpose of securing to the persons on whose behalf such sums shall have been paid educational, advertising and other benefits. The contracting producers and the contracting distributors undertake that the Board shall disburse all such sums for the aforesaid purposes and that the Board shall keep separate books and records in form satisfactory to the Secretary, pertaining to such fund, which said books and records shall be subject to the examination of the Secretary during the usual hours of business, and that the Board shall from time to time furnish to the Secretary such information as the Secretary may require.

5. All contracting producers not members of Milk Producers Association of San Diego County or the Dairymen's League of San Diego County shall be permitted to become members of the Milk Producers Association of San Diego County or the Dairymen's League of San Diego County on an equal basis with existing members similarly circumstanced.

6. The contracting distributors agree that they will purchase all milk (provided it meets all the health requirements provided for in this agreement) tendered by all producers within the San Diego Milk Shed who have established quotas, and that they will not purchase any milk from producers who have no established quotas. This restriction shall not apply to purchases of cream.

7. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true account and conditions of their respective businesses, which shall include any affiliate or subsidiary. Their respective books and records (including the books and records of such affiliates or subsidiaries) shall, during usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this agreement, including verification by the Secretary of the information furnished on the forms hereinafter referred to. The contracting producers and the contracting distributors shall severally, from time to time, furnish information to the Secretary on and in accordance with forms to be supplied by him, each of which reports shall be verified under oath. The Secretary, in his discretion, may permit the omission from any such report of any affiliate or subsidiary. In the event that the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County and the Secretary shall have occasion to collect identical information from the same parties, the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County shall use forms acceptable to the Secretary and arrangements shall be made for duplicate reports to be submitted to the Secretary and to the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County. All information obtained by or furnished to the Secretary pursuant to this paragraph, if designated in writing as confidential when obtained or so furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President, by either House of the Congress, or any committee thereof, or by any court of competent jurisdiction or when offered in evidence in any hearing authorized by the Act for the suspension or revocation of the license of the person from whom said information was obtained or by whom it

was furnished. The Secretary, however, may combine and publish the information obtained from producers and distributors in the form of general statistical studies or data. The Secretary hereby agrees to issue regulations and prescribe penalties to be imposed in the event of any violation of the confidence or trust imposed hereby.

8. The standards governing the production, receiving, transportation, processing, bottling, and distribution of fluid milk, shall be those established pursuant to or in accordance with the health laws, ordinances, and regulations of the federal, state, municipal, or political subdivisions within which such milk is marketed and distributed.

9. The rules of fair practices set forth in Exhibit D, which is attached hereto and made a part hereof, shall be the uniform rules of fair practices for the San Diego Sales Area. Such rules may be changed by agreement between the contracting distributors, provided that any change shall become effective only upon the written approval of the Secretary.

10. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to Milk Regulations, Series 1, and General Regulations, Series 3, Agricultural Adjustment Administration, prescribed by the Secretary and approved by the President, and not otherwise.

11. This agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this agreement shall continue in force until terminated in one of the following ways:

- (a) The Secretary may at any time terminate this agreement by giving at least 24 hours notice by means of a press release or in any other manner which the Secretary may determine.
- (b) The Secretary may, for good cause shown, at any time terminate this agreement as to any party signatory hereto, by giving notice in writing by registered mail and addressed to such party at the address of such party on file with the Secretary.
- (c) The Secretary shall terminate this agreement upon the request of seventy-five per cent (75%) of the contracting producers or seventy-five per cent (75%) of the contracting distributors, such percentage to be measured by the volume of milk marketed or distributed respectively, by giving notice in the same manner as provided in subdivision (a) above.
- (d) This agreement shall in any event terminate whenever the provisions of the Act authorizing it shall cease to be in effect.

12. This agreement confers no exemption from the anti-trust laws and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this agreement.

13. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges, and immunities conferred by

virtue of this agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

14. The contracting producers and contracting distributors shall use their best efforts to assure the observance of the terms and conditions of this agreement by such producers and distributors. Subject to such regulations as the Secretary may prescribe, the contracting producers and the contracting distributors shall establish such agency or agencies as are necessary

- (a) to receive complaints as to violations by any contracting producer or contracting distributor of the terms or conditions of this agreement,
- (b) to adjust disputes arising under this agreement between contracting producers and/or contracting distributors,
- (c) to make findings of fact which may be published,
- (d) to issue warnings to such persons, and
- (e) to take such lawful measures as may be appropriate; and such agency or agencies, if it or they deem it necessary shall report its or their findings and action with respect thereto to the Secretary for appropriate proceedings under the Act.

15. This agreement may be executed in multiple counterparts which, when signed by the Secretary, shall constitute, taken together, one and the same instrument as if all such signatures were contained in one original.

16. After this agreement first takes effect any producer or association of producers of milk in the San Diego Milk Shed for consumption as fluid milk, or any distributor of fluid milk, may become a party to this agreement if a counterpart thereof is executed by him and by the Secretary. The agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such new contracting party.

17. If any provision of this agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this agreement and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

18. Nothing herein contained shall be construed in derogation of the rights of the Secretary to exercise any powers granted him by the Act and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

19. The Secretary may name any person to act as his agent in connection with any of the provisions contained hereinto be performed by the Secretary.

IV.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Agricultural Adjustment Act approved May 12, 1933, as amended, as follows:

"SEC. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power--

"(1) \* \* \*

"(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act. \* \* \*"

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act and the regulations issued thereunder; and

WHEREAS, it appears after due consideration that this is a marketing agreement between the Secretary and persons engaged in the handling of milk and its products, within the meaning of said section, in the current of interstate and foreign commerce; and

WHEREAS, it appears after due consideration, that the aforesaid marketing agreement will tend to effectuate the policy of Congress set forth in Section 2 of the Act in that such marketing agreement will:

- (a) establish and maintain such balance between the production of milk in the San Diego Sales Area and such marketing conditions therefor, as will reestablish prices to the producers thereof at a level that will give such agricultural commodity a purchasing power with respect to articles that

farmers buy equivalent to the purchasing power of such agricultural commodity in the base period, as defined in Section 2 of said Act; and

- (b) Approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is possible in view of the current consumptive demand in domestic and foreign markets; and
- (c) protect the consumer's interest by readjusting farm production at such level as will not increase the percentage of the consumer's retail expenditures for such agricultural commodity, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the prewar period August 1909-July 1914.

WHEREAS, I herewith give notice that -

- (1) The terms and conditions of this agreement are agreed to as reasonable only in the light of conditions now prevailing in the San Diego Milk Shed and are not to be regarded as a precedent for marketing agreements for other milk sheds or for future marketing agreements for the San Diego Milk Shed; and
- (2) The Secretary reserves the privilege of approving a blanket marketing agreement, pursuant to Section 8 (2) of the Act, for all milk sheds, which blanket marketing agreement may make specific modifications for any particular designated milk shed to conform to the conditions then prevailing in such specific milk shed.

NOW, THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, do hereby execute this agreement under my hand and the official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, 1933; and pursuant to the provisions hereof, I declare this Agreement to be effective on and after \_\_\_\_\_, Eastern Standard Time, \_\_\_\_\_.

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Secretary of Agriculture.

EXHIBIT A

RULES FOR MILK PRODUCTION - PRICES AND AMOUNTS

1. For the purposes of this Exhibit, Grade "A" Raw Milk, Grade "A" Milk for pasteurization and Grade "B" Milk shall mean the grades defined as such in the Agricultural Code of the State of California; Grade "A" Milk shall mean Grade "A" Raw Milk and Grade "A" Milk for Pasteurization; and "average quotation" shall mean the average quotation for 92-score butter at wholesale on the Los Angeles Produce Exchange during the paying period (as defined in Exhibit B) during which milk is delivered.

2. For the purposes of determining prices to be paid producers, milk delivered by producers shall be classified as follows:

(a) Class I milk shall be all Grade "A" Raw Milk or Grade "A" Milk for Pasteurization delivered to contracting distributors by producers in fulfillment of orders and shall also include all such milk in excess of buying orders which is sold by contracting distributors as whole milk.

(b) Class II milk shall be Grade "B" Milk and all Grade "A" Milk in excess of buying orders which is delivered to contracting distributors by producers and not sold as whole milk.

(c) Class III milk shall be all quota milk which is delivered to the San Diego Milk Pool.

(d) Class IV milk shall be all milk produced above quotas which is delivered to the San Diego Milk Pool.

3. The following prices shall be paid producers, f.o.b. distributor's platform:

CLASS I MILK

Grade "A" Raw Milk	Sixty cents (60¢) per pound butterfat up to 4.1 percent.
Grade "A" Milk for Pasteurization	Fifty-three cents (53¢) per pound butterfat up to 4.1 percent.
Butterfat in Grade "A" Milk in excess of 4.1 percent	A price per pound of butterfat twenty cents (20¢) above the average quotation.

CLASS II MILK

Grade "B" Milk	A price per pound of butterfat equal to the average quotation.
Grade "A" Milk in excess of buying orders not sold as fluid milk	A price per pound of butterfat fourteen cents (14¢) above the average quotation.

The San Diego Milk Pool shall pay for Class III milk according to the pro-rated returns of the pool, after deducting operating costs, but not at less than Class IV prices.

The San Diego Milk Pool shall pay for Class IV milk a price per pound butterfat equal to the average quotation.

4. The following prices shall be paid to the San Diego Milk Pool f.o.b. Pool Plant:

MILK

Grade "A", Raw or Pasteurized	<u>Per gallon</u>
Standard Butterfat Content	27 1/2¢
Skimmed	
For Market Use	10¢
For Buttermilk	
(1 oz. salt or 2 lbs. starter to 10 gals.)	5¢
For Ice Cream Mix	
(1/2 lb. sugar added to 10 gals.)	4¢
For Cottage Cheese	
(1 oz. salt to 10 gals.)	
200 gals. or more per day	3¢
Less than 200 gallons	5¢

CREAM

Grade "A", Pasteurized, (standardized 23% to 25% or 36% to 38% butterfat content)	<u>Per pound of butterfat</u>
Less than 10 gals.	Twenty-three cents (23¢) above daily quotation.
10 gals. or more	Twenty-two cents (22¢) above daily quotation.
Grade "A", Separator Run, (cooled after separation, but not standardized or Pasteurized)	
Less than 10 gals.	Twenty-three cents (23¢) above daily quotation.
10 gals. or more	Twenty cents (20¢) above daily quotation.
Grade "B", for Ice Cream Manufacture (cooled after separation, with 1/2 lb. sugar added to 80 lbs. cream, per pound fat in lots of 5 to 29 cans)	Daily quotation plus premium as follows:

<u>Quotation</u>	<u>Premium</u>
17-1/2¢ to 19¢	10-1/4¢
19-1/2¢ to 21¢	10-3/4¢
21-1/2¢ to 23¢	11-1/4¢
23-1/2¢ to 25¢	11-3/4¢

<u>Quotation</u>	<u>Premium</u>
25-1/2¢ to 27¢	12-1/4¢
27-1/2¢ to 29¢	12-3/4¢
29-1/2¢ to 31¢	13-1/4¢
31-1/2¢ to 33¢	13-3/4¢
33-1/2¢ to 35¢	14-1/4¢

Plus 1¢ per pound fat in  
orders of less than 5 cans.

Less 1/4¢ per pound fat in  
orders of 30 cans or more.

Churning grade  
(2 lb. starter or 4 oz.  
salt added to each can)

Daily Quotation

5. Within each seven or eight-day butterfat test period, each distributor shall make at least one sediment test of the milk delivered to him by any producer. In any case where the sediment test is classified other than Excellent or Good, the delivering producer and the testing distributor may immediately inspect the sediment test and confirm or reject the classification thereof. If such producer and the testing distributor are unable to agree upon a classification for said test, they shall call in a third party, whose decision shall be final.

In the event two such tests are made within a seven or eight-day period, one of which classifies as Good and the other as Fair, an average of the prices for Grade "A" Raw Milk and Grade "A" Milk for Pasteurization shall be paid by the testing distributor to the delivering producer, provided the milk meets all other requirements for Grade "A" Raw Milk. When one sediment test classifies as Fair and the other as Poor, an average of the prices for Grade "A" Milk for Pasteurization and Grade "B" Milk shall be paid by the testing distributor to the delivering producer, provided the milk meets all other requirements for Grade "A" Milk for Pasteurization.

(San Diego Milk Agreement)

EXHIBIT "B"

RULES FOR PRODUCTION AND CONTROL

As used in this exhibit, the words "producers" and "distributors" include both contracting producers and contracting distributors as defined in the Agreement and also producers and distributors as defined in the License issued by the Secretary of even date with the Agreement.

A. Establishment of Production Quotas

Production quotas (hereinafter called "quotas") for all producers shall be established as follows:

(1) In the case of members of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County, the quantity of milk recorded as the quota for the respective members in the files of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County shall be the quotas for the respective members.

(2) In the case of all other producers, the quotas shall be established by the Board and shall be based upon actual sales of milk within the San Diego Sales Area during the period from January 1, 1933, to the effective date of the agreement, or any part of such period during which any such producer may have delivered milk, which quotas shall be equitable as compared with the quotas established for members of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County.

(3) All quotas, together with records of the sales on which they are based, shall be recorded by the Board. Any producer and any distributor may, during usual business hours, examine the files of the Milk Producers Association of San Diego County, the Dairymen's League of San Diego County, or the Board with respect to the quotas established for producers.

(4) a. Any new producer (the term "new producer" as used in this exhibit means any producer who commences to sell milk within the San Diego Sales Area after the effective date of the Agreement) will be allowed to establish a quota, and to sell milk on the basis of such quota, only if such new producer first obtains a certificate of necessity (stating that marketing conditions permit the issuance thereof) from the Board entitling him to a quota and to sell milk pursuant to same, by making written application to the Board upon a form supplied by the Board. In the event that any such new producer is denied a certificate of necessity after having made such written application to the Board, he shall have the right of immediate appeal to the Secretary in a manner to be determined by the Secretary.

b. In the event that a certificate of necessity is issued to any producer, his quota shall be equal to 25% of his average daily deliveries during the first ninety days if made within the period from June 1 to November 30, inclusive, and to 20% of his average daily deliveries during the first ninety days if made within the period from December 1 to May 31, inclusive. If such ninety days do not fall wholly within either such period, 25% of his total deliveries during such ninety days made within the period from June 1 to November 30, inclusive, shall be added to 20% of his total deliveries during such ninety days made within the period from December 1 to May 31, inclusive, and the sum shall be divided by ninety to obtain the daily production quota.

c. In its discretion, the Board may, during an 180-day period after the first ninety days during which any new producer makes deliveries, increase the quota of such new producer, providing that, as so increased, his quota shall not exceed 40% of his average daily deliveries during such first ninety days. Such increased quota shall be the quota for such new producer for one year thereafter.

#### B. Marketing Plan

(1) The distributors equalization pool, as hereinafter described, shall become effective upon the effective date of this Agreement and continue in effect during the period of this Agreement. The Board shall administer such pool, and shall employ a competent accountant, hereinafter termed "auditor" who shall conduct the equalization pool, subject to the supervision of the Board, in accordance with the following rules and regulations and such other rules and regulations as may hereafter be issued or approved by the Secretary.

(2) Distributors shall pay to the Board, not later than the 10th and 25th day of each month, a sum to be determined by the Board not to exceed 1/2¢ per pound of butterfat in all whole milk purchased by them. Producers participating in this plan shall authorize distributors to pay to the Board a sum not to exceed 1/2¢ per pound of butterfat sold by them to distributors, the amount so paid to be deducted from the price payable to the producers. The funds so collected, amounting to not more than 1¢ per pound of butterfat in all milk marketed, shall be used to defray the expense incurred in rendering the services provided for in this Exhibit..

(3) For the purposes of this Exhibit, "pay period" shall mean the 1st to the 15th day of any month and the 16th day to the end of any month. Each distributor shall pay for all milk received by him during any pay period within ten days after the close of such pay period.

(4) At least forty-eight hours before the first delivery on the first day of any month, distributors shall place buying orders with producers for their requirements of fluid milk during such month. Distributors may increase such quantities during any month upon forty-eight hours' notice, and may reduce such quantities for the period from the 16th day to the end of such month upon forty-eight hours' notice prior to the beginning of such period.

(5) Each distributor shall report to the Board and to the San Diego Milk Pool, on and in accordance with forms approved by the Board, within five days after the end of each pay period:

(a) Total amount of milk purchased by him from each producer during such pay period, together with the grade, butterfat content, and sediment test record thereof;

(b) The quota of each producer;

(c) The total amount of milk distributed by such distributor as whole milk;

(d) The total amount of buying orders placed with producers.

(6) The auditor shall determine the amount of the payments due to producers from each distributor for milk delivered during each pay period as follows:

(a) Each producer shall be paid the Class I price for quota milk delivered by him, according to the grade, butterfat content, and sediment test thereof, in the proportion that the total quota milk delivered by producers bears to the total amount of Class I milk;

(b) Milk delivered by any producer in excess of the amount to be paid for as Class I milk shall be paid for as Class II milk.

(c) The auditor shall immediately upon determining the amount of the above payments notify each distributor of the amounts owing by him to producers who delivered milk to him.

(7) If, with respect to a given distributor, the sum of the amounts to be paid producers delivering to him is less than the combined cost of the Class I and Class II milk purchased by him, the auditor shall notify such distributor to pay into the equalization fund the difference between such totals.

(8) If, with respect to a given distributor, the sum of the amounts to be paid producers delivering to him is greater than the combined cost of the Class I and Class II milk purchased by him, the auditor shall notify the Board in charge of the equalization pool, to pay to such distributor out of the equalization fund the difference between such totals.

(9) All payments by distributors into the equalization fund of the difference computed under paragraph 7 and all payments out of the equalization fund to distributors of the difference computed under paragraph 8, shall be made on or before the twenty-fifth day of the month immediately succeeding the calendar month to which such payments apply.

(10) Distributors shall keep adequate books and records disclosing all of the facts and information required by the auditor to determine, upon an audit, purchases, sales, movements out of plants and uses of all milk in its various classifications. For such purpose, the books and records of each distributor shall be available to the auditor. Any discrepancies found in between such books and records and the reports of purchases and usage required by paragraph (5) above shall be adjusted when the computations for the next pay period are made.

EXHIBIT C

PRICE SCHEDULE FOR CONTRACTING DISTRIBUTORS' SALES

	Wholesale	Retail by Stores Cash & Carry only	Retail Delivered by Stores and Distributors
<u>MILK</u>			
Certified			
Quarts	\$ 0.16	\$ 0.18	\$ 0.18
Pints	.11	.12	.12
Half-pints	.06	--	--
Guaranteed, Pasteurized and Raw 3.9 - 4.2% butterfat			
Quarts	.10-1/2	.12	.12
Pints	.08	.08	.08
Third-Quarts	.05-1/2	--	--
Half-Pints	.04-1/2	--	--
Grade "A" 3.9 - 4.2% butterfat			
Gallons 3 or more	.30	--	--
Gallons	.34	--	--
Quarts	.08-1/2	.10	.11
Pints	.06	.07	.07
Third-quarts	.04-1/2	--	--
Half-pints	.03-1/2	--	--
<u>CHOCOLATE MILK</u>			
Quarts	.08-1/2	.10	.11
<u>TABLE CREAM - 22-24% butterfat</u>			
Gallons	1.25	--	--
Quarts	.40	.45	.50
Half-pints	.12	.14	.15
<u>WHIPPING CREAM - 35-38% butterfat</u>			
Gallons	2.10	--	--
Quarts	.55	.65	.70
Half-pints	.18	.20	.22
<u>BUTTERMILK (Maximum Fat, 1-1/2%)</u>			
Churned or cultured			
Gallons	.20	--	--
Quarts	.08-1/2	.10	.11
Half-pints	.03	--	--

	<u>Wholesale</u>	<u>Retail by Stores Cash &amp; Carry only</u>	<u>Retail Delivered by Stores and Distributors</u>
<u>SKIM MILK</u>			
Gallons, 10 or more	.15	--	--
Gallons, less than 10	.20	.25	--
Quarts	.06	.07	.08
<u>COTTAGE CHEESE</u>			
Pound Bulk	.12	.15	.15
10 oz. Tumbler	.10	.12	.12
10 oz. Carton	.09	.11	.11
7 oz. Carton or 8 oz. Jar	.08	.10	.10

Miscellaneous

(a) All milk sold, except Certified, exceeding 4.2%, and not exceeding 4.7% butterfat, shall be sold for 1¢ per quart or pint, and 1/2¢ per third-quart or half-pint, more than the above prices.

(b) Sales to any public unemployment relief agency may be made at prices less than those set forth in the foregoing schedules.

(c) It shall not be deemed a violation of the agreement to add to the selling price of any article or articles any sales or occupational tax which may be imposed, but any such addition shall be uniform as to all contracting distributors.

(d) The above prices do not include the cost of bottles. A cash bottle deposit, the amount of which may be determined by the Board, shall be collected at the time of sale for each full bottle for which no empty bottle is received in exchange, provided that, in the case of credit business, the invoice for each order shall include a charge for all bottles delivered to customers.

EXHIBIT D

RULES OF FAIR PRACTICES

The following practices are considered unfair and shall not be engaged in by the contracting distributors or by their officers, employees, or agents:

Any method or device whereby fluid milk is sold or offered for sale at a price less than that stated in Schedule C, whether by any discount, rebate, free service, free samples, advertising allowance, combining the price of milk with the price of another commodity, or by any other means whatsoever.



AUTHORIZATION TO CORRECT TYPOGRAPHICAL ERRORS  
TO BE EXECUTED BY ALL SIGNERS

- - - - -

We, the undersigned, hereby authorize Roy Jones to consent on our behalf to the correction of any typographical errors which the Agricultural Adjustment Administration may consider it advisable to make in the Marketing Agreement for Milk, San Diego Area.

_____ Date	_____ Firm Name
By	
Name	Title
	SEAL (If Corporation)

-----

Corporations only

CERTIFICATION OF RESOLUTION

At a duly convened meeting of the Board of Directors of

\_\_\_\_\_ held at

\_\_\_\_\_ on the \_\_\_\_\_ day of

\_\_\_\_\_, 1933, the following resolution was adopted.

RESOLVED, that \_\_\_\_\_  
shall become a party to the Marketing Agreement for Milk, San Diego Area, as read and explained to the meeting, and it is further Resolved, that \_\_\_\_\_

(title)

\_\_\_\_\_ and \_\_\_\_\_ (title)

be, and hereby are authorized and directed to sign, execute and deliver a counterpart of the said Agreement attached hereto, to the Secretary of Agriculture, together with an authorization, naming Roy Jones to correct typographical errors.

I, \_\_\_\_\_ Secretary of

\_\_\_\_\_ do hereby certify that  
this is a true and correct copy of a resolution adopted at the above  
named meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm. (SEAL)

AND SEAL AT SIGNATURE LINE IN BODY OF CONTRACT.



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D. H. Ma  
San Diego

LIBRARY  
RECEIVED  
AUG 4 1934 ★  
U. S. DEPARTMENT OF AGRICULTURE

MARKETING AGREEMENT FOR MILK -- SAN DIEGO MILK SHED

I.

The parties to this Agreement are the contracting distributors, the contracting producers and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended

- (1) to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909-July 1914, and in the case of tobacco, the base period being the post-war period, August 1919-July 1921;
- (2) to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (3) to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914; and

WHEREAS, it is understood that to effectuate such declared policy the contracting producers shall receive a fair proportion of the financial benefits resulting to the contracting distributors from this Agreement and acts done pursuant thereto until parity is achieved for the contracting producers, and that subject to the foregoing, at all times, efforts will be made by the contracting distributors to yield to the consumers a fair proportion of such financial benefits and savings; and

WHEREAS, pursuant to said Act, the parties hereto for the purpose of correcting the conditions now obtaining in the production of milk in the San Diego Milk Shed for distribution as fluid milk in the San Diego Sales Area and the distribution thereof, and to effectuate the declared policy of said Act, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act; and

WHEREAS, the marketing of milk in the San Diego Milk Shed for distribution as fluid milk in the San Diego Sales Area and the distribution thereof are in both the current of interstate commerce and the current of

intrastate commerce, which are inextricably intermingled:

NOW, THEREFORE, the parties hereto agree as follows:

## II.

As used in this agreement, the following words and phrases are hereby defined as follows:

- (a) "Fluid milk" means milk, cream, or any of the other articles listed in Exhibit C, sold for consumption in the San Diego Sales Area.
- (b) "Contracting producers" means Milk Producers Association of San Diego County, Dairymen's League of San Diego County, and such producers, and associations of producers of milk produced in the San Diego Milk Shed and sold in the San Diego Sales Area for consumption as fluid milk, irrespective of whether any such party distributes fluid milk for consumption, as may become parties signatory to this Agreement, according to the terms hereof.
- (c) "Contracting distributors" means members of Milk Institute of San Diego County, California, and such other persons who distribute fluid milk in the San Diego Sales Area, irrespective of whether any such party is also a producer of milk, as may become parties signatory to this agreement, according to the terms hereof.
- (d) "San Diego Milk Shed" means the territory lying within the boundaries of San Diego County, California, provided that, in respect to purchases of cream, territory lying outside the bounds of San Diego County is also included.
- (e) "San Diego Sales Area" means the territory lying within the boundaries of San Diego County, California.
- (f) "Board" means the Dairy Products Arbitration Board of San Diego, (a non-profit association organized and existing under the laws of the State of California).
- (g) "Secretary" means the Secretary of Agriculture of the United States.
- (h) "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.
- (i) "Person" means individual, partnership, corporation, association, or any other business unit.
- (j) "Subsidiary" or "Affiliate" means any corporation or other business unit that the parent corporation shall have, either directly or indirectly, any relationship with, or interest in, by way of stock ownership or in any other manner.

III.

1. The schedule governing the prices at which, and the terms and conditions under which, milk shall be sold by the contracting producers and purchased by the contracting distributors for distribution as fluid milk shall be that set forth in Exhibit A, which is attached hereto and made a part hereof. Payments to the Board made pursuant to paragraph 4 hereof, and like payments to Milk Producers Association of San Diego County or to Dairymen's League of San Diego, made pursuant to membership agreements, shall be deemed part of the price paid to producers. Such schedule may be changed by agreement between the contracting producers and the contracting distributors, provided that any changes shall become effective only upon the written approval of the Secretary.

2. The plan governing the marketing of milk within the San Diego Sales Area shall be that set forth in Exhibit B, which is attached hereto and made a part hereof. Such plan may be modified by agreement between the contracting producers and the contracting distributors, provided that such modified plan shall become effective only upon the written approval of the Secretary.

3. The schedule governing the prices at which, and the terms and conditions under which, fluid milk shall be distributed and sold by the contracting distributors shall be that set forth in Exhibit C, which is attached hereto and made a part hereof. Such schedule may be changed by agreement between the contracting producers and the contracting distributors, provided that any changes shall become effective only upon the written approval of the Secretary.

4. (a) Milk Producers Association of San Diego County and the Dairymen's League of San Diego County authorize the contracting distributors to pay over to the Board, on behalf of their respective members, the sum of one-half cent (\$.005) per pound of butterfat for all milk marketed by their respective members in the San Diego Sales Area.
- (b) The contracting distributors agree that they will not purchase milk from any producer not a member of either Milk Producers Association of San Diego County or the Dairymen's League of San Diego County unless such producer authorizes the purchasing contracting distributor to pay over to the Board the sum of one-half cent (\$.005) per pound of butterfat for all milk purchased by such contracting distributor from such producer. Such purchasing contracting distributor shall, when making payment to producers for milk purchased, simultaneously make payment to the Board of the sums which have been thus deducted.
- (c) Each contracting producer who distributes part or all of the milk produced by him agrees to pay to the Board the sum of one cent (\$.01) per pound of butterfat for all such milk distributed by him.
- (d) Each contracting distributor agrees to pay to the Board one-half cent (\$.005) per pound of butterfat for all fluid milk distributed by him.

- (e) The sums paid pursuant to this paragraph shall be kept as a separate fund by the Board for the purpose of securing to the persons on whose behalf such sums shall have been paid educational, advertising and other benefits. The contracting producers and the contracting distributors undertake that the Board shall disburse all such sums for the aforesaid purposes and that the Board shall keep separate books and records in form satisfactory to the Secretary, pertaining to such fund, which said books and records shall be subject to the examination of the Secretary during the usual hours of business, and that the Board shall from time to time furnish to the Secretary such information as the Secretary may require.

5. All contracting producers not members of Milk Producers Association of San Diego County or the Dairymen's League of San Diego County shall be permitted to become members of the Milk Producers Association of San Diego County or the Dairymen's League of San Diego County on an equal basis with existing members similarly circumstanced.

6. The contracting distributors agree that they will purchase all milk (provided it meets all the health requirements provided for in this agreement) tendered by all producers within the San Diego Milk Shed who have established quotas, and that they will not purchase any milk from producers who have no established quotas. This restriction shall not apply to purchases of cream.

7. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true account and conditions of their respective businesses, which shall include any affiliate or subsidiary. Their respective books and records (including the books and records of such affiliates or subsidiaries) shall, during usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this agreement, including verification by the Secretary of the information furnished on the forms hereinafter referred to. The contracting producers and the contracting distributors shall severally, from time to time, furnish information to the Secretary on and in accordance with forms to be supplied by him, each of which reports shall be verified under oath. The Secretary, in his discretion, may permit the omission from any such report of any affiliate or subsidiary. In the event that the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County and the Secretary shall have occasion to collect identical information from the same parties, the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County shall use forms acceptable to the Secretary and arrangements shall be made for duplicate reports to be submitted to the Secretary and to the Arbitration Board, the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County. All information obtained by or furnished to the Secretary pursuant to this paragraph, if designated in writing as confidential when obtained or so furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President, by either House of the Congress, or any committee thereof, or by any court of competent jurisdiction or when offered in evidence in any hearing authorized by the Act for the suspension or revocation of the license of the person from whom said information was obtained or by whom it

was furnished. The Secretary, however, may combine and publish the information obtained from producers and distributors in the form of general statistical studies or data. The Secretary hereby agrees to issue regulations and prescribe penalties to be imposed in the event of any violation of the confidence or trust imposed hereby.

8. The standards governing the production, receiving, transportation, processing, bottling, and distribution of fluid milk, shall be those established pursuant to or in accordance with the health laws, ordinances, and regulations of the federal, state, municipal, or political subdivisions within which such milk is marketed and distributed.

9. The rules of fair practices set forth in Exhibit D, which is attached hereto and made a part hereof, shall be the uniform rules of fair practices for the San Diego Sales Area. Such rules may be changed by agreement between the contracting distributors, provided that any change shall become effective only upon the written approval of the Secretary.

10. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to Milk Regulations, Series 1, and General Regulations, Series 3, Agricultural Adjustment Administration, prescribed by the Secretary and approved by the President, and not otherwise.

11. This agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this agreement shall continue in force until terminated in one of the following ways:

- (a) The Secretary may at any time terminate this agreement by giving at least 24 hours notice by means of a press release or in any other manner which the Secretary may determine.
- (b) The Secretary may, for good cause shown, at any time terminate this agreement as to any party signatory hereto, by giving notice in writing by registered mail and addressed to such party at the address of such party on file with the Secretary.
- (c) The Secretary shall terminate this agreement upon the request of seventy-five per cent (75%) of the contracting producers or seventy-five per cent (75%) of the contracting distributors, such percentage to be measured by the volume of milk marketed or distributed respectively, by giving notice in the same manner as provided in subdivision (a) above.
- (d) This agreement shall in any event terminate whenever the provisions of the Act authorizing it shall cease to be in effect.

12. This agreement confers no exemption from the anti-trust laws and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this agreement.

13. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges, and immunities conferred by

virtue of this agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

14. The contracting producers and contracting distributors shall use their best efforts to assure the observance of the terms and conditions of this agreement by such producers and distributors. Subject to such regulations as the Secretary may prescribe, the contracting producers and the contracting distributors shall establish such agency or agencies as are necessary

- (a) to receive complaints as to violations by any contracting producer or contracting distributor of the terms or conditions of this agreement,
- (b) to adjust disputes arising under this agreement between contracting producers and/or contracting distributors,
- (c) to make findings of fact which may be published,
- (d) to issue warnings to such persons, and
- (e) to take such lawful measures as may be appropriate; and such agency or agencies, if it or they deem it necessary shall report its or their findings and action with respect thereto to the Secretary for appropriate proceedings under the Act.

15. This agreement may be executed in multiple counterparts which, when signed by the Secretary, shall constitute, taken together, one and the same instrument as if all such signatures were contained in one original.

16. After this agreement first takes effect any producer or association of producers of milk in the San Diego Milk Shed for consumption as fluid milk, or any distributor of fluid milk, may become a party to this agreement if a counterpart thereof is executed by him and by the Secretary. The agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such new contracting party.

17. If any provision of this agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this agreement and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

18. Nothing herein contained shall be construed in derogation of the rights of the Secretary to exercise any powers granted him by the Act and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

19. The Secretary may name any person to act as his agent in connection with any of the provisions contained herein to be performed by the Secretary.

IV.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Agricultural Adjustment Act approved May 12, 1933, as amended, as follows:

"SEC. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power--

"(1) \* \* \*

"(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act. \* \* \*"

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act and the regulations issued thereunder; and

WHEREAS, it appears after due consideration that this is a marketing agreement between the Secretary and persons engaged in the handling of milk and its products, within the meaning of said section, in the current of interstate and foreign commerce; and

WHEREAS, it appears after due consideration, that the aforesaid marketing agreement will tend to effectuate the policy of Congress set forth in Section 2 of the Act in that such marketing agreement will:

- (a) establish and maintain such balance between the production of milk in the San Diego Sales Area and such marketing conditions therefor, as will reestablish prices to the producers thereof at a level that will give such agricultural commodity a purchasing power with respect to articles that

farmers buy equivalent to the purchasing power of such agricultural commodity in the base period, as defined in Section 2 of said Act; and

- (b) Approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is possible in view of the current consumptive demand in domestic and foreign markets; and
- (c) protect the consumer's interest by readjusting farm production at such level as will not increase the percentage of the consumer's retail expenditures for such agricultural commodity, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the prewar period August 1909-July 1914.

WHEREAS, I herewith give notice that -

- (1) The terms and conditions of this agreement are agreed to as reasonable only in the light of conditions now prevailing in the San Diego Milk Shed and are not to be regarded as a precedent for marketing agreements for other milk sheds or for future marketing agreements for the San Diego Milk Shed; and
- (2) The Secretary reserves the privilege of approving a blanket marketing agreement, pursuant to Section 8 (2) of the Act, for all milk sheds, which blanket marketing agreement may make specific modifications for any particular designated milk shed to conform to the conditions then prevailing in such specific milk shed.

NOW, THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, do hereby execute this agreement under my hand and the official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, 1933; and pursuant to the provisions hereof, I declare this Agreement to be effective on and after \_\_\_\_\_, Eastern Standard Time, \_\_\_\_\_.

---

Secretary of Agriculture.

EXHIBIT A

RULES FOR MILK PRODUCTION - PRICES AND AMOUNTS

1. For the purposes of this Exhibit, Grade "A" Raw Milk, Grade "A" Milk for pasteurization and Grade "B" Milk shall mean the grades defined as such in the Agricultural Code of the State of California; Grade "A" Milk shall mean Grade "A" Raw Milk and Grade "A" Milk for Pasteurization; and "average quotation" shall mean the average quotation for 92-score butter at wholesale on the Los Angeles Produce Exchange during the paying period (as defined in Exhibit-B) during which milk is delivered.

2. For the purposes of determining prices to be paid producers, milk delivered by producers shall be classified as follows:

(a) Class I milk shall be all Grade "A" Raw Milk or Grade "A" Milk for Pasteurization delivered to contracting distributors by producers in fulfillment of orders and shall also include all such milk in excess of buying orders which is sold by contracting distributors as whole milk.

(b) Class II milk shall be Grade "B" Milk and all Grade "A" Milk in excess of buying orders which is delivered to contracting distributors by producers and not sold as whole milk.

(c) Class III milk shall be all quota milk which is delivered to the San Diego Milk Pool.

(d) Class IV milk shall be all milk produced above quotas which is delivered to the San Diego Milk Pool.

3. The following prices shall be paid producers, f.o.b. distributor's platform:

CLASS I MILK

Grade "A" Raw Milk	Sixty cents (60¢) per pound butterfat up to 4.1 percent.
Grade "A" Milk for Pasteurization	Fifty-three cents (53¢) per pound butterfat up to 4.1 percent.
Butterfat in Grade "A" Milk in excess of 4.1 percent	A price per pound of butterfat twenty cents (20¢) above the average quotation.

CLASS II MILK

Grade "B" Milk	A price per pound of butterfat equal to the average quotation.
Grade "A" Milk in excess of buying orders not sold as fluid milk	A price per pound of butterfat fourteen cents (14¢) above the average quotation.

The San Diego Milk Pool shall pay for Class III milk according to the pro-rated returns of the Pool, after deducting operating costs, but not at less than Class IV prices.

The San Diego Milk Pool shall pay for Class IV milk a price per pound butterfat equal to the average quotation.

4. The following prices shall be paid to the San Diego Milk Pool f.o.b. Pool Plant:

MILK

Grade "A", Raw or Pasteurized	<u>Per gallon</u>
Standard Butterfat Content	27 1/2¢
Skimmed	
For Market Use	10¢
For Buttermilk	
(1 oz. salt or 2 lbs. starter to 10 gals.)	5¢
For Ice Cream Mix	
(1/2 lb. sugar added to 10 gals.)	4¢
For Cottage Cheese	
(1 oz. salt to 10 gals.)	
200 gals. or more per day	3¢
Less than 200 gallons	5¢

CREAM

Grade "A", Pasteurized, (standardized 23% to 25% or 36% to 38% butterfat content)	<u>Per pound of butterfat</u>										
Less than 10 gals.	Twenty-three cents (23¢) above daily quotation.										
10 gals. or more	Twenty-two cents (22¢) above daily quotation.										
Grade "A", Separator Run, (cooled after separation, but not standardized or Pasteurized)											
Less than 10 gals.	Twenty-three cents (23¢) above daily quotation.										
10 gals. or more	Twenty cents (20¢) above daily quotation.										
Grade "B", for Ice Cream Manufacture (cooled after separation, with 1/2 lb. sugar added to 80 lbs. cream, per pound fat in lots of 5 to 29 cans)	Daily quotation plus premium as follows:										
	<table> <tr> <th><u>Quotation</u></th><th><u>Premium</u></th></tr> <tr> <td>17-1/2¢ to 19¢</td><td>10-1/4¢</td></tr> <tr> <td>19-1/2¢ to 21¢</td><td>10-3/4¢</td></tr> <tr> <td>21-1/2¢ to 23¢</td><td>11-1/4¢</td></tr> <tr> <td>23-1/2¢ to 25¢</td><td>11-3/4¢</td></tr> </table>	<u>Quotation</u>	<u>Premium</u>	17-1/2¢ to 19¢	10-1/4¢	19-1/2¢ to 21¢	10-3/4¢	21-1/2¢ to 23¢	11-1/4¢	23-1/2¢ to 25¢	11-3/4¢
<u>Quotation</u>	<u>Premium</u>										
17-1/2¢ to 19¢	10-1/4¢										
19-1/2¢ to 21¢	10-3/4¢										
21-1/2¢ to 23¢	11-1/4¢										
23-1/2¢ to 25¢	11-3/4¢										

<u>Quotation</u>	<u>Premium</u>
25-1/2¢ to 27¢	12-1/4¢
27-1/2¢ to 29¢	12-3/4¢
29-1/2¢ to 31¢	13-1/4¢
31-1/2¢ to 33¢	13-3/4¢
33-1/2¢ to 35¢	14-1/4¢

Plus 1¢ per pound fat in  
orders of less than 5 cans.

Less 1/4¢ per pound fat in  
orders of 30 cans or more.

Churning grade  
(2 lb. starter or 4 oz.  
salt added to each can)

Daily Quotation

5. Within each seven or eight-day butterfat test period, each distributor shall make at least one sediment test of the milk delivered to him by any producer. In any case where the sediment test is classified other than Excellent or Good, the delivering producer and the testing distributor may immediately inspect the sediment test and confirm or reject the classification thereof. If such producer and the testing distributor are unable to agree upon a classification for said test, they shall call in a third party, whose decision shall be final.

In the event two such tests are made within a seven or eight-day period, one of which classifies as Good and the other as Fair, an average of the prices for Grade "A" Raw Milk and Grade "A" Milk for Pasteurization shall be paid by the testing distributor to the delivering producer, provided the milk meets all other requirements for Grade "A" Raw Milk. When one sediment test classifies as Fair and the other as Poor, an average of the prices for Grade "A" Milk for Pasteurization and Grade "B" Milk shall be paid by the testing distributor to the delivering producer, provided the milk meets all other requirements for Grade "A" Milk for Pasteurization.

(San Diego Milk Agreement)

EXHIBIT "B"

RULES FOR PRODUCTION AND CONTROL

As used in this exhibit, the words "producers" and "distributors" include both contracting producers and contracting distributors as defined in the Agreement and also producers and distributors as defined in the License issued by the Secretary of even date with the Agreement.

A. Establishment of Production Quotas

Production quotas (hereinafter called "quotas") for all producers shall be established as follows:

(1) In the case of members of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County, the quantity of milk recorded as the quota for the respective members in the files of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County shall be the quotas for the respective members.

(2) In the case of all other producers, the quotas shall be established by the Board and shall be based upon actual sales of milk within the San Diego Sales Area during the period from January 1, 1933, to the effective date of the agreement, or any part of such period during which any such producer may have delivered milk, which quotas shall be equitable as compared with the quotas established for members of the Milk Producers Association of San Diego County and Dairymen's League of San Diego County.

(3) All quotas, together with records of the sales on which they are based, shall be recorded by the Board. Any producer and any distributor may, during usual business hours, examine the files of the Milk Producers Association of San Diego County, the Dairymen's League of San Diego County, or the Board with respect to the quotas established for producers.

(4) a. Any new producer (the term "new producer" as used in this exhibit means any producer who commences to sell milk within the San Diego Sales Area after the effective date of the Agreement) will be allowed to establish a quota, and to sell milk on the basis of such quota, only if such new producer first obtains a certificate of necessity (stating that marketing conditions permit the issuance thereof) from the Board entitling him to a quota and to sell milk pursuant to same, by making written application to the Board upon a form supplied by the Board. In the event that any such new producer is denied a certificate of necessity after having made such written application to the Board, he shall have the right of immediate appeal to the Secretary in a manner to be determined by the Secretary.

b. In the event that a certificate of necessity is issued to any producer, his quota shall be equal to 25% of his average daily deliveries during the first ninety days if made within the period from June 1 to November 30, inclusive, and to 20% of his average daily deliveries during the first ninety days if made within the period from December 1 to May 31, inclusive. If such ninety days do not fall wholly within either such period, 25% of his total deliveries during such ninety days made within the period from June 1 to November 30, inclusive, shall be added to 20% of his total deliveries during such ninety days made within the period from December 1 to May 31, inclusive, and the sum shall be divided by ninety to obtain the daily production quota.

c. In its discretion, the Board may, during an 180-day period after the first ninety days during which any new producer makes deliveries, increase the quota of such new producer, providing that, as so increased, his quota shall not exceed 40% of his average daily deliveries during such first ninety days. Such increased quota shall be the quota for such new producer for one year thereafter.

#### B. Marketing Plan

(1) The distributors equalization pool, as hereinafter described, shall become effective upon the effective date of this Agreement and continue in effect during the period of this Agreement. The Board shall administer such pool, and shall employ a competent accountant, hereinafter termed "auditor" who shall conduct the equalization pool, subject to the supervision of the Board, in accordance with the following rules and regulations and such other rules and regulations as may hereafter be issued or approved by the Secretary.

(2) Distributors shall pay to the Board, not later than the 10th and 25th day of each month, a sum to be determined by the Board not to exceed 1/2¢ per pound of butterfat in all whole milk purchased by them. Producers participating in this plan shall authorize distributors to pay to the Board a sum not to exceed 1/2¢ per pound of butterfat sold by them to distributors, the amount so paid to be deducted from the price payable to the producers. The funds so collected, amounting to not more than 1¢ per pound of butterfat in all milk marketed, shall be used to defray the expense incurred in rendering the services provided for in this Exhibit..

(3) For the purposes of this Exhibit, "pay period" shall mean the 1st to the 15th day of any month and the 16th day to the end of any month. Each distributor shall pay for all milk received by him during any pay period within ten days after the close of such pay period.

(4) At least forty-eight hours before the first delivery on the first day of any month, distributors shall place buying orders with producers for their requirements of fluid milk during such month. Distributors may increase such quantities during any month upon forty-eight hours' notice, and may reduce such quantities for the period from the 16th day to the end of such month upon forty-eight hours' notice prior to the beginning of such period.

(5) Each distributor shall report to the Board and to the San Diego Milk Pool, on and in accordance with forms approved by the Board, within five days after the end of each pay period:

(a) Total amount of milk purchased by him from each producer during such pay period, together with the grade, butterfat content, and sediment test record thereof;

(b) The quota of each producer;

(c) The total amount of milk distributed by such distributor as whole milk;

(d) The total amount of buying orders placed with producers.

(6) The auditor shall determine the amount of the payments due to producers from each distributor for milk delivered during each pay period as follows:

(a) Each producer shall be paid the Class I price for quota milk delivered by him, according to the grade, butterfat content, and sediment test thereof, in the proportion that the total quota milk delivered by producers bears to the total amount of Class I milk;

(b) Milk delivered by any producer in excess of the amount to be paid for as Class I milk shall be paid for as Class II milk.

(c) The auditor shall immediately upon determining the amount of the above payments notify each distributor of the amounts owing by him to producers who delivered milk to him.

(7) If, with respect to a given distributor, the sum of the amounts to be paid producers delivering to him is less than the combined cost of the Class I and Class II milk purchased by him, the auditor shall notify such distributor to pay into the equalization fund the difference between such totals.

(8) If, with respect to a given distributor, the sum of the amounts to be paid producers delivering to him is greater than the combined cost of the Class I and Class II milk purchased by him, the auditor shall notify the Board in charge of the equalization pool, to pay to such distributor out of the equalization fund the difference between such totals.

(9) All payments by distributors into the equalization fund of the difference computed under paragraph 7 and all payments out of the equalization fund to distributors of the difference computed under paragraph 8, shall be made on or before the twenty-fifth day of the month immediately succeeding the calendar month to which such payments apply.

(10) Distributors shall keep adequate books and records disclosing all of the facts and information required by the auditor to determine, upon an audit, purchases, sales, movements out of plants and uses of all milk in its various classifications. For such purpose, the books and records of each distributor shall be available to the auditor. Any discrepancies found in between such books and records and the reports of purchases and usage required by paragraph (5) above shall be adjusted when the computations for the next pay period are made.

EXHIBIT C

PRICE SCHEDULE FOR CONTRACTING DISTRIBUTORS' SALES

	<u>Wholesale</u>	<u>Retail by Stores Cash &amp; Carry only</u>	<u>Retail Delivered by Stores and Distributors</u>
<u>MILK</u>			
Certified			
Quarts	\$ 0.16	\$ 0.18	\$ 0.18
Pints	.11	.12	.12
Half-pints	.06	--	--
Guaranteed, Pasteurized and Raw			
3.9 - 4.2% butterfat			
Quarts	.10-1/2	.12	.12
Pints	.08	.08	.08
Third-Quarts	.05-1/2	--	--
Half-pints	.04-1/2	--	--
Grade "A" 3.9 - 4.2% butterfat			
Gallons 3 or more	.30	--	--
Gallons	.34	--	--
Quarts	.08-1/2	.10	.11
Pints	.06	.07	.07
Third-quarts	.04-1/2	--	--
Half-pints	.03-1/2	--	--
<u>CHOCOLATE MILK</u>			
Quarts	.08-1/2	.10	.11
<u>TABLE CREAM - 22-24% butterfat</u>			
Gallons	1.25	--	--
Quarts	.40	.45	.50
Half-pints	.12	.14	.15
<u>WHIPPING CREAM - 35-38% butterfat</u>			
Gallons	2.10	--	--
Quarts	.55	.65	.70
Half-pints	.18	.20	.22
<u>BUTTERMILK (Maximum Fat, 1-1/2%)</u>			
Churned or cultured			
Gallons	.20	--	--
Quarts	.08-1/2	.10	.11
Half-pints	.03	--	--

	<u>Wholesale</u>	<u>Retail by Stores Cash &amp; Carry only</u>	<u>Retail Delivered by Stores and Distributors</u>
<u>SKIM MILK</u>			
Gallons, 10 or more	.15	--	--
Gallons, less than 10	.20	.25	--
Quarts	.06	.07	.08
<u>COTTAGE CHEESE</u>			
Pound Bulk	.12	.15	.15
10 oz. Tumbler	.10	.12	.12
10 oz. Carton	.09	.11	.11
7 oz. Carton or 8 oz. Jar	.08	.10	.10

Miscellaneous

(a) All milk sold, except Certified, exceeding 4.2%, and not exceeding 4.7% butterfat, shall be sold for 1¢ per quart or pint, and 1/2¢ per third-quart or half-pint, more than the above prices.

(b) Sales to any public unemployment relief agency may be made at prices less than those set forth in the foregoing schedules.

(c) It shall not be deemed a violation of the agreement to add to the selling price of any article or articles any sales or occupational tax which may be imposed, but any such addition shall be uniform as to all contracting distributors.

(d) The above prices do not include the cost of bottles. A cash bottle deposit, the amount of which may be determined by the Board, shall be collected at the time of sale for each full bottle for which no empty bottle is received in exchange, provided that, in the case of credit business, the invoice for each order shall include a charge for all bottles delivered to customers.

EXHIBIT D

RULES OF FAIR PRACTICES

The following practices are considered unfair and shall not be engaged in by the contracting distributors or by their officers, employees, or agents:

Any method or device whereby fluid milk is sold or offered for sale at a price less than that stated in Schedule C, whether by any discount, rebate, free service, free samples, advertising allowance, combining the price of milk with the price of another commodity, or by any other means whatsoever.



AUTHORIZATION TO CORRECT TYPOGRAPHICAL ERRORS

TO BE EXECUTED BY ALL SIGNERS

- - - - -

We, the undersigned, hereby authorize Roy Jones to consent on our behalf to the correction of any typographical errors which the Agricultural Adjustment Administration may consider it advisable to make in the Marketing Agreement for Milk, San Diego Area.

\_\_\_\_\_  
Date Firm Name

By \_\_\_\_\_  
Name Title SEAL  
(If Corporation)

-----

Corporations only

CERTIFICATION OF RESOLUTION

At a duly convened meeting of the Board of Directors of

\_\_\_\_\_ held at  
\_\_\_\_\_ on the \_\_\_\_\_ day of  
\_\_\_\_\_, 1933, the following resolution was adopted.

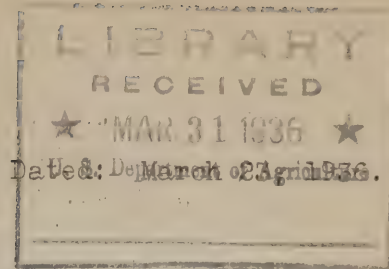
RESOLVED, that \_\_\_\_\_  
shall become a party to the Marketing Agreement for Milk, San Diego Area, as read and explained to the meeting, and it is further Resolved, that \_\_\_\_\_ (title)  
\_\_\_\_\_ and \_\_\_\_\_ (title)  
be, and hereby are authorized and directed to sign, execute and deliver a counterpart of the said Agreement attached hereto, to the Secretary of Agriculture, together with an authorization, naming Roy Jones to correct typographical errors.

I, \_\_\_\_\_ Secretary of  
\_\_\_\_\_ do hereby certify that  
this is a true and correct copy of a resolution adopted at the above named meeting, as said resolution appears in the minutes thereof.

\_\_\_\_\_  
Address of firm. (SEAL)

AND SEAL AT SIGNATURE LINE IN BODY OF CONTRACT.





PROPOSED MARKETING AGREEMENT  
REGULATING THE HANDLING OF MILK IN THE  
SAN DIEGO, CALIFORNIA, MARKETING AREA

WHEREAS, by Section 8b of Title I of the Agricultural Adjustment Act, approved May 12, 1933, as amended, hereinafter called the Act, the Secretary of Agriculture is empowered, after due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in such handling of any agricultural commodity or product thereof as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof; and

WHEREAS, the Secretary of Agriculture has reason to believe that the execution of a marketing agreement, the provisions of which are hereinafter set forth, will tend to effectuate the declared policy of Title I of the Act with respect to the handling of milk in the San Diego Marketing Area;

NOW, THEREFORE, pursuant to the Act, the Secretary has issued a notice of hearing to be held at San Diego, California, on April 8, 1936 for the purpose of presenting the provisions hereinafter set forth and of receiving evidence with respect to these provisions, any other provisions which may be proposed, and the general economic conditions which may necessitate the execution of a marketing agreement in order to effectuate the declared policy of the Act.

ARTICLE I -- DEFINITIONS

Section 1. Terms. The following terms shall have the following meanings:

1. "Secretary" means the Secretary of Agriculture of the United States.

2. "San Diego, California, Marketing Area," hereinafter called the "Marketing Area," means all the territory embraced within (a) the corporate limits of the cities of San Diego, National City, Chula Vista, and Coronada, and each of them, (b) the School Districts of La Mesa-Spring Valley, Lemon Grove, and the City of San Diego, and each of them, (c) the unincorporated districts known as Kensington Park and Talmadge Park, and each of them, and (d) the United States Military Reservations of Point Loma and North Island, and each of them, all in the County of San Diego, State of California.

3. "Person" means any individual, partnership, corporation, association, and any other business unit.

4. "Producer" means any person, irrespective of whether any such person is also a handler, who produces milk in conformity with, or subject to, the health requirements applicable for milk to be sold for consumption as milk in the Marketing Area.

5. "Handler" means any person, irrespective of whether such person is a producer or an association of producers, wherever located or operating, who engages in such handling of milk, which is sold as milk or cream in the Marketing Area, as is in the current of interstate or foreign commerce or which directly burdens, obstructs, or affects interstate or foreign commerce in milk and its products.

6. "Market Administrator" means the person designated pursuant to article II, as the agency for the administration hereof.

7. "Delivery period" means the current marketing period from the first to, and including the 15th day of each month, and from the 16th to, and including, the last day of each month.

## ARTICLE II -- MARKET ADMINISTRATOR

Section 1. Selection, Removal and Bond. The Market Administrator shall be selected by the Secretary and shall be subject to removal by him at any time. Within 45 days following the date upon which he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary a bond, conditioned upon the faithful performance of his duties, in an amount and with surety thereon satisfactory to the Secretary.

Section 2. Compensation. The Market Administrator shall be entitled to such reasonable compensation as may be determined by the Secretary.

Sec. 3. Powers. The Market Administrator shall have power:

1. To administer the terms and provisions hereof; and
2. To receive, investigate, and report to the Secretary complaints of violations of the terms and provisions hereof.

Sec. 4. Duties. The Market Administrator, in addition to the duties hereinafter described, shall:

1. Keep such books and records as will clearly reflect the transactions provided for herein;
2. Submit his books and records to examination by the Secretary at any and all times;
3. Furnish such information and such verified reports as the Secretary may request;
4. Obtain a bond with reasonable surety thereon covering each employee who handles funds entrusted to the Market Administrator;

5. Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions hereof;

6. Publicly disclose to handlers and producers, unless otherwise directed by the Secretary, the name of any handler who, within 15 days after the date upon which he is required to perform such acts, has not (a) made reports pursuant to article V, and (b) made payments pursuant to article VIII; and

7. Pay, out of the funds provided by article IX, (a) the cost of his bond and of the bonds of such of his employees as handle funds entrusted to the Market Administrator, (b) his own compensation, and (c) all other expenses which will necessarily be incurred for the maintenance and functioning of his office and the performance of his duties.

Sec. 5. Responsibility. The Market Administrator, in his capacity as such, shall not be held responsible in any way whatsoever to any handler or to any other person, for errors in judgment, for mistakes or for other acts either of commission or omission, except for his own willful misfeasance, malfeasance or dishonesty.

#### ARTICLE III -- CLASSIFICATION OF MILK

Section 1. Sales and Use Classification. Milk purchased or handled by handlers shall be classified as follows:

1. All milk sold or distributed as milk shall be Class I milk;
2. All milk sold or used to produce cream for consumption as cream, or sold or used to produce creamed buttermilk, creamed cottage cheese, flavored milks and milk drinks, and all milk not used in Classes I and III, shall be Class II milk;
3. All milk sold or used to produce ice cream, ice cream mix, ice milk or ice milk mix, shall be Class III milk.

Sec. 2. Inter-handler sales. Milk sold as milk or cream by a handler to another handler shall be presumed to be Class I milk; provided, that if such selling handler, on or before the date fixed for filing reports pursuant to article V, shall furnish proof satisfactory to the Market Administrator that such milk has been sold or used by the purchasing handler other than as Class I milk, then, and in that event, such milk shall be classified accordingly.

#### ARTICLE IV -- MINIMUM PRICES

Section 1. Class I Price. Each handler shall pay producers, in the manner set forth in article VIII, not less than 64¢ per pound butterfat contained in Class I milk delivered at such handler's plant.

Sec. 2. Class II Price. Each handler shall pay producers, in the manner set forth in article VIII, per pound butterfat contained in Class II milk delivered at such handler's plant, not less than the price which the Administrator shall calculate as follows: to the average

price per pound of 92 score butter at wholesale in the Los Angeles market, as reported by the United States Department of Agriculture for the delivery period during which such milk is delivered, add the amount which shall be equal to the average amount over such quotation, per pound butterfat, paid wholesale to jobbers for market cream of "Grade A" quality, of approximately 40 percent butterfat content, in the San Diego market, as reported by the United States Department of Agriculture, for the delivery period during which such milk is delivered.

Sec. 3. Class III Price. Each handler shall pay producers, in the manner set forth in article VIII, per pound butterfat contained in Class III milk delivered at such handler's plant, not less than the price which the Administrator shall calculate as follows: to the average price per pound of 92 score butter at wholesale in the Los Angeles market, as reported by the United States Department of Agriculture for the delivery period during which such milk is delivered, add the amount which shall be equal to the average amount over such quotation, per pound butterfat, paid wholesale to jobbers for manufacturing cream of approximately 40 percent butterfat content, in the San Diego market, as reported by the United States Department of Agriculture, for the delivery period during which such milk is delivered.

Sec. 4. Publication of Class Prices. On or before the fourth day after the end of each delivery period, the Market Administrator shall publicly announce the Class prices in effect for such delivery period.

#### ARTICLE V -- REPORTS OF HANDLERS

Section 1. Periodic Reports. On or before the fifth day after the end of each delivery period, each handler shall, with respect to milk or cream handled by him during such delivery period, report to the Market Administrator, in the detail and form prescribed by him, as follows:

1. The receipts at each plant from producers who are not handlers;
2. The receipts at each plant from any other handler, including any handler who is also a producer;
3. The quantity, if any, produced by the handler; and
4. The total quantities of milk which were sold or used, including sales to other handlers, in each class set forth in article III.

Sec. 2. Reports as to Producers. Each handler shall report to the Market Administrator:

1. Within ten days after the Market Administrator's request, with respect to any producer for whom such information is not in the files of the Market Administrator and with respect to a period or periods of time designated by the Market Administrator, (a) the name and address, (b) the total pounds of milk delivered, (c) the average butterfat test of milk delivered and (d) the number of days on which deliveries were made.

2. As soon as possible after first receiving milk from any producer, (a) the name and address of such producer and (b) the date on which such milk was first received.

Sec. 3. Report of Payment to Producers. Each handler shall submit to the Market Administrator, within 20 days after the end of each delivery period his producer payroll, or a report, which shall show, for such delivery period and for each and every producer, (a) his total delivery of milk with the average butterfat test thereof and (b) the net amount of the payment made to him with the prices, deductions and charges involved.

Sec. 4. Verification of Reports. In order that the Market Administrator may submit verified reports to the Secretary pursuant to paragraph 3 of section 4 of article II, each handler shall permit the Market Administrator or his representative, during the usual hours of business, to (a) verify the information contained in reports submitted by such handler pursuant to this article and (b) weigh, sample and test milk for butterfat.

#### ARTICLE VI -- HANDLERS WHO ARE ALSO PRODUCERS

Section 1. Milk Purchased from Producers. In the case of a handler who is also a producer and who purchases milk from producers, the Market Administrator shall, in the computation set forth in article VII, first exclude the milk purchased by him in each class from other handlers and then apportion the milk purchased by him from producers to each class according to the ratio which such handler's remaining total sales in each class bears to his remaining total sales in all classes.

#### ARTICLE VII -- DETERMINATION OF UNIFORM PRICES TO PRODUCERS

Section 1. Computation of Value of Milk for Each Handler. For each delivery period the Market Administrator shall compute, subject to the provisions of article VI, the value of milk sold or used by each handler, which was not purchased from other handlers, by (a) multiplying the quantity of such milk in each class by the price applicable pursuant to article IV and (b) adding together the resulting value of each class.

Sec. 2. Computation and Announcement of Uniform Price. The Market Administrator shall compute and announce the uniform price per pound butterfat in milk delivered by producers during each delivery period as follows:

1. Combine into one total the values computed pursuant to section 1 for all handlers who made the payments required by article VIII for the previous delivery period;

2. Subtract the total amount to be paid to producers pursuant to paragraph 2 of section 1 of article VIII;

3. Divide by the total quantity of butterfat contained in milk which is included in these computations other than the milk represented by the amount subtracted in paragraph 3;

4. Subtract not less than one cent nor more than 1-1/4 cents per pound of butterfat for the purpose of retaining a cash balance in connection with the payments set forth in paragraph 3 of section 1 of article VIII;

5. Add an amount per pound of butterfat which will prorate any cash balance available pursuant to section 3 of this article; and

6. On or before the 10th day after the end of each delivery period, notify each handler and make public announcement of such of these computations as do not disclose information confidential pursuant to the Act, and of the uniform price so computed.

Sec. 3. Proration of Cash Balance. For each delivery period, the Market Administrator shall prorate, by an appropriate addition, pursuant to section 2 of this article, the cash balance, if any, in his hands from payments made during the second preceding delivery period under the provisions of paragraph 3 of section 1 of article VIII.

#### ARTICLE VIII. -- PAYMENTS FOR MILK

Section 1. Time and Method of Payment. On or before the 15th day after the end of each delivery period, each handler shall make payment of the total value of milk received from producers during such delivery period, computed pursuant to section 1 of article VII, as follows:

1. To producers, except as set forth in paragraph 2, at the uniform price per pound of butterfat, computed pursuant to section 2 of article VII;

2. To any producer who did not regularly sell milk for a period of 30 days prior to the effective date hereof to a handler or to persons within the Marketing Area, at the Class III price per pound butterfat contained in all the milk delivered by each producer, for the period beginning with the first regular delivery by such producer, and continuing until the end of two full calendar months following the first day of the next succeeding calendar month.

3. To producers, through the Market Administrator, by paying to, or receiving from, the Market Administrator, as the case may be, the amount by which the payments made pursuant to paragraphs 1 and 2 of this section are less than, or exceed, the value of milk computed for such handler, pursuant to section 1 of article VII, as shown in a statement rendered by the Market Administrator on or before the 12th day after the end of such delivery period.

Sec. 2. Errors in Payments. Errors in making the payments prescribed in this article shall be corrected not later than the date for making payments next following the determination of such errors.

Sec. 3. Additional Payments. Any handler may make payments to producers in addition to the payments to be made pursuant to section 1 of this article; provided, that such additional payments shall be uniform as among all producers similarly circumstanced.

Sec. 4. Emergency Milk. During any emergency period when the normal supply of milk from producers is not sufficient to meet the Class I requirements of any handler, such handler may, with the prior approval of the Market Administrator, purchase milk for such emergency purposes on terms and conditions other than those set forth in this article, in which event such milk shall not be included in the computations as provided in article VII, but shall be reported separately to the Market Administrator by such handler.

#### ARTICLE IX -- EXPENSE OF ADMINISTRATION

Section 1. Payments by Handlers. As his pro rata share of the expense of the administration hereof, each handler shall, on or before the 15th day after the end of each delivery period, pay to the Market Administrator, with respect to all milk delivered to him by producers or an association of producers, or produced by him during such delivery period, or purchased by him as emergency milk pursuant to section 3 of article VIII, a sum not exceeding one cent per pound butterfat, the exact sum to be determined by the Market Administrator subject to review by the Secretary. Each handler who is a cooperative association of producers shall pay such pro rata share of expense only on that milk received from producers and processed by such association.

#### ARTICLE X -- UNFAIR METHODS OF COMPETITION

Section 1. Unfair Methods of Competition. Each handler shall refrain from the following acts which constitute unfair methods of competition:

1. Indulging in any practices with respect to the transportation of milk and/or the supplying of goods or services to producers from whom milk is purchased, which tend to defeat the purpose and intent of this Agreement.

#### ARTICLE XI -- LIABILITY

Section 1. Handlers. The liability of the handlers hereunder is several and not joint and no handler shall be liable for the default of any other handler.

#### ARTICLE XII -- SEPARABILITY

Section 1. Separability. If any provision of this Agreement is declared invalid or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability thereof to any other person, circumstance or thing shall not be affected thereby.

#### ARTICLE XIII -- DEROGATION

Section 1. Derogation. Nothing contained in this Agreement is or shall be construed to be in derogation or in modification of the rights of the Secretary or of the United States (a) to exercise any powers

granted by the Act or otherwise, and/or (b) in accordance with such powers to act in the premises whenever such action is deemed advisable.

#### ARTICLE XIV -- ANTI- TRUST LAWS

Section 1. Anti-trust Laws. Any exemption from the anti-trust laws of the United States and/or any validation of any acts or things, which otherwise would have been unlawful, which may result from the execution of this Agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

#### ARTICLE XV -- DURATION OF IMMUNITIES

Section 1. Duration of Immunities. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done under and during the existence of this Agreement, and the benefits, privileges and immunities conferred by this Agreement upon any parties signatory hereto shall cease upon its termination as to such party, except with respect to acts done under and during the existence of this Agreement.

#### ARTICLE XVI -- AGENTS

Section 1. Agents. The Secretary may, by a designation in writing, name any person (not a party to this Agreement), including any officer or employee of the Government, or name any Bureau or Division in the Department of Agriculture, to act, as his agent, or representative in connection with any of the provisions of this Agreement.

#### ARTICLE XVII -- ADDITIONAL PARTIES AND COUNTERPARTS

Section 1. Counterparts. This Agreement may be executed in multiple counterparts, and when one counterpart is signed by the Secretary, all such counterparts shall constitute, when taken together, one and the same instrument as if all such signatures were obtained in one original.

Sec. 2. Additional Parties. After this Agreement first takes effect, any handler may become a party to this Agreement if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect, as to such handler, at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement shall then be effective as to such handler.

#### ARTICLE XVIII -- AMENDMENTS

Section 1. Proposals. Amendment of any or all provisions hereof may at any time be proposed in writing by any handler signatory hereto or by the Secretary.

Sec. 2. Notice of Proposals. Any amendment proposed in writing by any one or more handlers signatory hereto shall be deposited with the Market Administrator who shall give notice of such proposed amendment by

publishing the same in a newspaper of general circulation in the Marketing Area and sending a copy of same to all handlers in the Marketing Area.

Sec. 3. Approval. Upon the written approval of three-fourths of the handlers signatory hereto who, during the next preceding delivery period, marketed three-fourths of the milk marketed within the Marketing Area, any proposed amendment of which notice has been given pursuant to section 2 of this article shall become effective at such time as the Secretary may declare with or without public hearing as the Secretary may determine; provided, that no such amendment shall become effective without public hearing if one-sixth of the handlers signatory hereto who, during the next preceding delivery period, marketed one-sixth of the milk marketed within the Marketing Area by all handlers signatory hereto object in writing to such amendment.

#### ARTICLE XIX -- EFFECTIVE TIME, TERMINATION AND SUSPENSION

Section 1. Effective Time. This Agreement, or any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated pursuant to section 2 or section 3 of this article.

Sec. 2. Suspension. 1. The Secretary may at any time suspend this Agreement, or any provision hereof, as to any or all parties hereto by giving at least 10 days' notice by means of a press release, or in any other manner which the Secretary may determine.

2. The Secretary shall suspend this Agreement as to all parties hereto, at the end of the next full delivery period following written request for such suspension, made in writing by (a) handlers who, during the delivery period next preceding the date of such request, handled not less than two-thirds of the volume handled by all handlers signatory hereto, and (b) producers who, during the delivery period next preceding the date of such request, furnished all handlers signatory hereto with not less than two-thirds of the volume handled by all such handlers during such period.

Sec. 3. Termination. 1. The Secretary may at any time terminate this Agreement, or any provision thereof, as to all parties signatory hereto, by giving at least 10 days' notice by means of a press release or in any other manner which the Secretary may determine.

2. The Secretary may at any time terminate this Agreement, or any provisions thereof, as to any party signatory hereto, by giving at least 10 days' notice by depositing such notice in the mail addressed to such party at his last known address.

3. The Secretary shall terminate this Agreement (a) at the end of the sixth full delivery period following its effective date, or (b) on completion of any period of six full delivery periods thereafter, as to any party signatory hereto, who shall in writing request such termination not less than thirty days before such termination is to take effect.

4. The Secretary shall terminate this Agreement as to all parties hereto (a) at the end of the sixth full delivery period following its effective date, or (b) on completion of any period of six full delivery periods thereafter, provided that request for such termination be made in writing not less than thirty days before such termination is to take effect by parties signatory hereto, who, during the delivery period next preceding the date of such request, handled not less than one-third of the volume handled by all signatory handlers during such delivery period.

5. This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

Sec. 4. Effect. Unless otherwise provided by the Secretary in the notice of amendment, termination or suspension of any or all provisions hereof, the amendment, termination or suspension shall not (a) affect, waive or terminate any right, duty, obligation or liability which shall have arisen or may thereafter arise in connection with any provision of this Agreement; (b) release or waive any violation of this Agreement occurring prior to the effective date of such amendment, termination or suspension; or (c) affect or impair any rights or remedies of the Secretary or of any other person with respect to any such violation.

Sec. 5. Continuing Power and Duty. If, upon the termination or suspension of this Agreement, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any party hereto, or by the Market Administrator hereunder, or by any other persons, the power and/or duty to perform such further acts shall continue notwithstanding such termination or suspension; provided, that any such acts required under the terms of this Agreement to be performed by the Market Administrator shall, if the Secretary so directs, be performed by such other person, persons or agency as the Secretary may designate.

Sec. 6. Disbursement after Termination or Suspension. The Market Administrator shall, after the termination or suspension of this Agreement, from time to time, disburse any funds in his hands to the handlers entitled to such funds, on the basis of the payment required for the delivery period immediately prior to such termination or suspension; provided, that such funds shall bear the expenses incident to the disbursement thereof.

#### ARTICLE XX --- SIGNATURES OF PARTIES

IN WITNESS WHEREOF, the contracting handlers, acting under the provisions of the Act, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

SEAL \_\_\_\_\_

By \_\_\_\_\_

Attest \_\_\_\_\_

Date \_\_\_\_\_ 193\_\_.

IN WITNESS WHEREOF \_\_\_\_\_, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, as amended, for the purposes and within the limitations thereon contained, and not otherwise, does hereby execute this Agreement in duplicate under his hand and the official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, 1936, and pursuant to the provisions hereof declares this Agreement to be effective on and after \_\_\_\_\_, eastern standard time, \_\_\_\_\_, 193\_\_\_\_.

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Secretary of Agriculture

